

# Waco Independent School District

Annual Financial Report

For the Fiscal Year Ended August 31, 2023



**Waco Independent School District**  
 Annual Financial Report  
 For the Fiscal Year Ended August 31, 2023  
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# **Introductory Section**

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**Certificate of the Board**

**Waco Independent School District**

Name of School District

**McLennan**

County

**161-914**

Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the fiscal year ended August 31, 2023 at a meeting of the Board of Trustees of such school district on the 25<sup>th</sup> day of January, 2024.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

If the Board of Trustees disapproved the auditor's report, the reason(s) for disapproving it is/are (attach list as necessary):

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# **Financial Section**

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## Independent Auditor's Report

To the Board of Trustees of  
Waco Independent School District  
Waco, Texas

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Waco Independent School District (the District), as of and for the year ended August 31, 2023, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended August 31, 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information Included in the Annual Financial Report**

Management is responsible for the other information included in the Annual Financial Report. The other information comprises the Statistical Section and the School FIRST Questionnaire, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas  
January 17, 2024

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# **Management's Discussion and Analysis**

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## Management's Discussion and Analysis

As management of the Waco Independent School District (the "District"), we offer readers of the financial statements this narrative overview of the financial activities of the District for the fiscal year ended August 31, 2023. This section of the financial report is intended to:

- Provide a concise overview of the District's financial activity comparing current year to prior year and identifying specific economic factors contributing to changes;
- Assist users of the financial statements in understanding the relationship of the results reported in the government-wide financial statements related to governmental activities and the results reported in the governmental funds financial statements;
- Help the reader focus on the District's financial condition as a whole, describing currently known facts, decisions, or conditions expected to impact the District's financial condition and the availability of fund resources for future years; and
- Identify significant variances between the adopted budget, final budget, and actual expenditures, discussing the impact of these variances on future liquidity.

We encourage readers to consider the information presented in this section in conjunction with the independent auditors' reports and the basic financial statements, including the notes to the financial statements. The information contained in these three sections of the report complement each other.

### Financial Highlights

The following highlight changes in the District's financial position at August 31, 2023:

- On a government-wide basis, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$47.6 million.
- The District's governmental funds financial statements reported combined ending fund balances of \$317.7 million, an increase of \$50.6 million over the prior year. The increase is primarily due to the issuance of capital-related debt exceeding current year capital outlay on facilities acquisition and construction.
- The District's general fund had an ending fund balance of \$58.0 million, of which \$49.7 million is unassigned and available for the purposes for which these funds are collected. The unassigned amount represents 32.4% of its annual operating expenditures. The total fund balance increased by \$2.7 million from the prior year with the unassigned fund balance increasing by \$4.0 million.
- Fund balances restricted for debt service increased by \$1.1 million to \$5.1 million.
- Fund balances restricted for capital acquisitions and contractual obligations increased by \$46.6 million to \$248.1 million.

### Overview of the Financial Statements

This discussion and analysis serves as an overview of the financial statements. The basic financial statements consist of three components: the government-wide financial statements, the fund financial statements, and the related notes to the financial statements. The notes to the financial statement explain some of the information included in the statements and provide additional detail. The report also contains supplementary information in addition to the basic financial statements, including schedules required by the District's oversight agency, the Texas Education Agency (TEA). The statistical section of the report provides additional financial and statistical data, including data about financial trends that may better inform the reader about the District's activities. These components are illustrated below.

Annual Financial Report	<b>Management's Discussion and Analysis</b>			
	<b>Government-Wide Financial Statements</b>	<b>Fund Financial Statements</b>		
	Statement of Net Position	Governmental Funds Balance Sheet	Proprietary Funds Statement of Net Position	Fiduciary Funds Statement of Net Position
	Statement of Activities	Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows	Statement of Changes in Net Position
	Notes to the Financial Statements			
	<b>Required Supplementary Information and Supplemental Schedules Required by the TEA</b>			
	<b>Statistical Section</b>			

The basic financial statements include both government-wide and fund financial statements. These statements differ in scope, measurement focus, and basis of accounting, as well as in the information provided.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's financial position, in a manner similar to that of the private sector. The focus of the statements is on the activities of the District as a whole. These statements present a longer-term view of the District's property, debt obligations, and other financial matters.

The *Statement of Net Position* includes all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources at year-end, with the difference reported as *net position*. This statement consolidates current financial resources with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To fully assess the overall health of the District, non-financial factors need to be considered as well, such as changes in the District's average daily attendance, property tax base, and the condition of school buildings and other facilities.

The *Statement of Activities* details how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, current year revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Revenues in the statement of activities are presented in three categories. The first two categories, those provided through user charges and those contributed by outside agencies through grants and contributions, indicate a cost-sharing of specific functional expenses. The third category includes general revenues such as those provided through property taxes or state formula grants. These revenues fund the general operations of the District.

Internal services are accounted for in a proprietary fund and are consolidated with governmental funds in the government-wide statements. The District utilizes an internal services fund to equitably allocate benefit costs to all governmental funds and functional cost centers. Governmental activities also include a blended component unit within the reporting entity. Fiduciary funds are not included in the government-wide statements.

## Fund Financial Statements

The fund financial statements report operations in more detail than the government-wide statements by providing information about the District's most significant funds. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District utilizes fund accounting to ensure and demonstrate compliance with the finance-related legal requirements underlying each fund. Funds enable the District to keep track of specific sources of funding and related expenditures. Some funds are required by state law and/or other restrictions such as bond covenants. Others, management establishes to control and manage resources for particular purposes.

The focus of the governmental fund financial statements is on major funds, rather than fund types. Fund types can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how cash and other financial assets can readily be converted as available resources, as well as on the balances at the end of the fiscal year that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the District's operations, supplying the basis for tax levies and the appropriations budget.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements to better understand the long-term impact of near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The District maintains numerous governmental funds, as needed, to ensure proper accountability. Information is presented separately in these governmental funds financial statements for the general fund, the debt service fund, the capital projects fund, and the Corona Virus Response and Relief Supplemental Appropriations (CRRSA) Elementary and Secondary School Emergency Relief (ESSER) II fund. The general fund, by definition, is always considered a major fund. For the fiscal year ended August 31, 2023, the capital projects fund is required to be reported as a major fund because the total assets, total liabilities and total expenditures of the fund are at least 10 percent of the corresponding category of all governmental funds. The CRRSA ESSER II fund is required to be reported as a major fund because the total liabilities of the fund are at least 10 percent of total liabilities of all governmental funds. The debt service fund is required to be reported as a major fund because the total revenues of the fund are at least 10 percent of total revenue of all governmental funds. Data from the remaining governmental funds are combined into a single column, entitled "Nonmajor Funds". The nonmajor funds include other federal stimulus fund sources.

- **Proprietary funds** - Proprietary funds are used to account for operations that are financed similar to those found in the private sector. These funds provide both long and short-term financial information. There are two types of proprietary funds:
  - o *Enterprise funds* are used to account for business-type activities. The District does not utilize enterprise funds.
  - o *Internal services funds* are used to accumulate and allocate costs internally among various funds and functions. The District uses an internal service fund to report activities for its health insurance, workers' compensation, and unemployment programs. As internal service funds predominantly benefit governmental functions, they have been consolidated with governmental activities in the government-wide financial statements.
  
- **Fiduciary funds** - Fiduciary funds are used to account for resources held by the District in a fiduciary capacity or as an agent for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support operations. As fiduciary of these funds, the District is responsible for ensuring that the assets, reported in these funds, are used for their intended purposes. All fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The District utilizes fiduciary funds or custodial funds to account for scholarship funds and activities of student groups.

The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes immediately follow the fund financial statements and are included for some supplementary schedules.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The Required Supplementary Information relates to general fund budgetary comparison information and required pension system and other postemployment benefits (OPEB) information.

The Supplementary Information section contains information for the purpose of additional analysis and is not a required part of the basic financial statements. This information includes combining and individual fund statements for nonmajor governmental funds and budget comparisons for funds required to be reported, which does not meet the criteria for Required Supplementary Information. This section also includes certain compliance schedules required by the Texas Education Agency.

### **Government-wide Financial Analysis**

Presented in the following schedules are the summarized Statement of Net Position and Statement of changes in Net Position for both current and prior year data. The analysis focuses on the current year in comparison to prior year amounts on the net position and changes in net position of the District's governmental activities.

### **Net Position**

With the implementation of GASB Statements No. 68 and No. 75, the District's net position may not serve as the most accurate indicator of the District's financial position. A better picture of the District's financial position may be gained from the Governmental Funds Balance Sheet. For the fiscal year ended August 31, 2023, the District's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$47.6 million, an improvement of \$26.8 million from August 31, 2022.

The following summarizes changes in the statement of net position in comparison to last year:

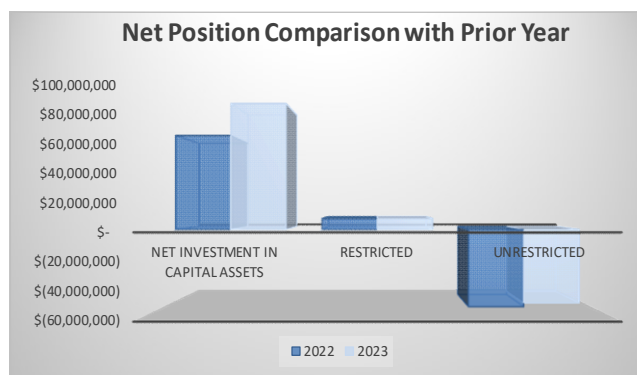
**Waco Independent School District's Net Position**

	Governmental Activities					
	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	\$ 377,554,301	55	\$ 297,556,641	60	\$ 79,997,660	27
Capital assets, net of accumulated depreciation/amortization	314,897,564	45	195,566,341	40	119,331,223	61
Total assets	692,451,865	100	493,122,982	100	199,328,883	
Total deferred outflows of resources	50,869,248	100	38,130,829	100	12,738,419	33
Other liabilities	58,838,882	9	30,364,188	7	28,474,694	94
Long-term liabilities outstanding	580,616,317	91	415,666,338	93	164,949,979	40
Total liabilities	639,455,199	100	446,030,526	100	193,424,673	
Total deferred inflows of resources	56,233,197	100	64,408,100	100	(8,174,903)	(13)
Net position:						
Net investment in capital assets	94,019,141	198	70,120,164	337	23,898,977	34
Restricted	8,218,955	17	8,133,295	39	85,660	1
Unrestricted	(54,605,379)	(115)	(57,438,274)	(276)	2,832,895	(5)
<b>Total net position</b>	<b>\$ 47,632,717</b>	<b>100</b>	<b>\$ 20,815,185</b>	<b>100</b>	<b>\$ 26,817,532</b>	

A significant portion of the District's net position is reflected in its investment in capital assets, e.g., land, buildings, right-to-use leased assets, equipment, right-to-use subscription assets, and furniture, equipment and vehicles, less any outstanding related debt used to acquire the assets. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate the liabilities. The District's net investment in capital assets increased \$23.9 million from last year. This increase is primarily due to a \$117.5 million increase in construction in progress assets offset by a \$143.0 million increase in bonded debt net of unspent proceeds of \$46.6 million.

Additionally, \$8.2 million of the net position represents resources subject to external restrictions on how they are used, specifically the National School Breakfast and Lunch program and the transformation zone contract.

The unrestricted net position for governmental activities, the portion of net position that can be used to finance ongoing operations of the District without restrictions established by debt covenants, enabling legislation, or other legal requirements, amounted to a deficit of \$54.6 million at August 31, 2023, increasing \$2.8 million over the prior year. Unrestricted net position in the government-wide statements includes amounts shown as nonspendable, committed, or assigned in the fund statements.



## Changes in Net Position

The following table provides a summary comparing the District's operations for the years ended August 31, 2023 and 2022. For the year ended August 31, 2023, governmental activities increased the District's net position by \$26.8 million.

### Waco Independent School District Changes in Net Position

	Governmental Activities					
	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue						
Program revenues:						
Charges for services	\$ 5,052,900	2	\$ 5,065,566	2	\$ (12,666)	-
Operating grants and contributions	58,096,957	24	78,498,084	33	(20,401,127)	(26)
General revenues:						
Property taxes, levied for general purposes	78,929,807	32	69,695,140	31	9,234,667	13
Property taxes, levied for debt service	24,958,189	10	14,983,637	6	9,974,552	67
Grants and contributions not restricted to specific programs	60,299,553	25	67,479,128	28	(7,179,575)	(11)
Investment earnings	14,785,236	6	1,085,024	-	13,700,212	1,263
Gain on sale of capital asset	-	-	-	-	-	-
Miscellaneous	1,664,020	1	1,078,051	-	585,969	54
Total revenues	243,786,662	100	237,884,630	100	5,902,032	
Expenses						
Instruction	102,227,921	47	101,232,746	49	995,175	1
Instructional resources and media services	4,111,845	2	3,235,033	2	876,812	27
Curriculum and instructional staff development	9,551,185	4	8,933,429	4	617,756	7
Instructional leadership	4,881,118	2	4,136,081	2	745,037	18
School leadership	10,787,666	5	9,819,089	5	968,577	10
Guidance, counseling, and evaluation services	8,339,301	4	7,025,873	3	1,313,428	19
Social work services	1,134,187	1	935,250	-	198,937	21
Health services	1,565,714	1	1,402,295	1	163,419	12
Student transportation	3,484,565	2	3,172,110	2	312,455	10
Food services	10,547,421	5	9,874,172	5	673,249	7
Cocurricular/extracurricular activities	7,320,418	3	6,419,770	3	900,648	14
General administration	6,555,878	3	5,867,190	3	688,688	12
Plant maintenance and operations	18,905,416	9	17,389,733	8	1,515,683	9
Security and monitoring services	2,897,773	1	2,421,712	1	476,061	20
Data processing services	3,972,674	2	3,794,523	2	178,151	5
Community services	1,972,999	1	1,829,316	1	143,683	8
Interest on long-term debt	13,345,184	6	7,502,230	4	5,842,954	78
Issuance costs and fees	1,378,374	1	20,900	-	1,357,474	6,495
Facilities repair and maintenance	2,171,843	1	1,196,164	1	975,679	82
Payments to related shared service arrangement	381,097	-	358,512	-	22,585	6
Payments to juvenile justice alternative education programs	601,613	-	601,643	-	(30)	-
Payments to tax increment fund	2,454	-	8,124,221	4	(8,121,767)	(100)
Other intergovernmental charges	832,484	-	721,826	-	110,658	15
Total expenses	216,969,130	100	206,013,818	100	10,955,312	
Change in net position	26,817,532		31,870,812		(5,053,280)	
Net position - beginning	20,815,185		(11,055,627)		31,870,812	
<b>Net position - ending</b>	<b>\$ 47,632,717</b>		<b>\$ 20,815,185</b>		<b>\$ 26,817,532</b>	

## Governmental Activities

Total revenues, as reflected in the District's governmental activities, increased \$5.9 million for the fiscal year ended August 31, 2023. Total expenses for the fiscal year increased \$11.0 million.

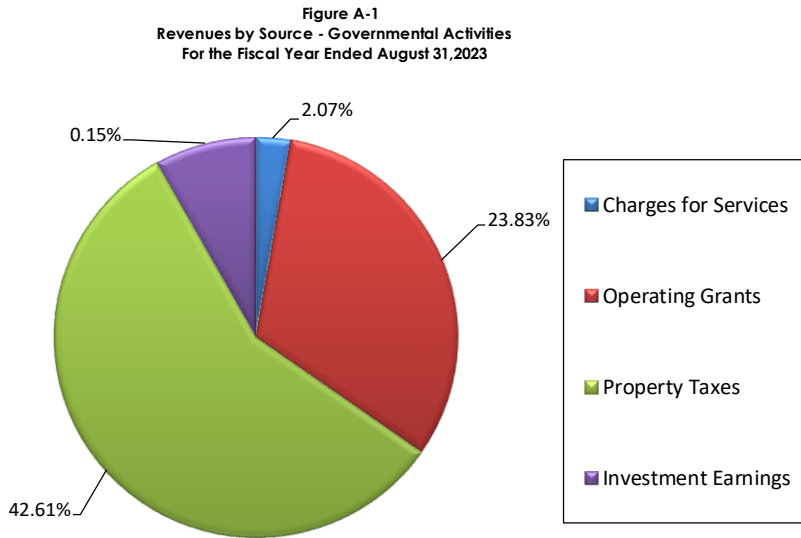
Program revenues, in the form of charges for services and operating grants and contributions, are inadequate to support the cost of operations. Consequently, after all program-specific revenues are applied, general revenues must cover all remaining costs. Revenues are generated primarily from two sources: grants and contributions (both program and general revenues), totaling \$118.4 million or 49.0% of total revenues, and property taxes, totaling \$103.9 million or 42.0% of total revenues.

The District's largest single source of revenue comes from local property taxes. Property tax revenue increased \$19.2 million from the prior year. Although certified appraised values increased \$2.1 billion or 1.20%, net taxable values increased by only \$1.3 million. This was primarily due to the voter-approved increase in the homestead exemption from \$25,000 to \$40,000 that increased the exemptions value loss by \$37.3 million. Additionally, decisions on value appeals resulted in value losses totaling \$166.4 million and a reduction in the original levy of \$1.1 million. The continued compression, under state law, of the maintenance and operations tax rate reduced that rate by \$0.0815 while increased debt service on issued bonds resulted in an increase in the interest and sinking rate of \$0.07873 and a decrease in the overall tax rate.

State formula funding under the Foundation School Program, totaling \$57.5 million, contributed 23.1% of the District's revenues with a decrease of \$16.4 million from last year. This decrease was due in part to an enrollment decline of 263 students as well as a decrease in student attendance. Furthermore, hold harmless funding created to protect districts from attendance losses resulting from the pandemic were discontinued after the 2022 fiscal year.

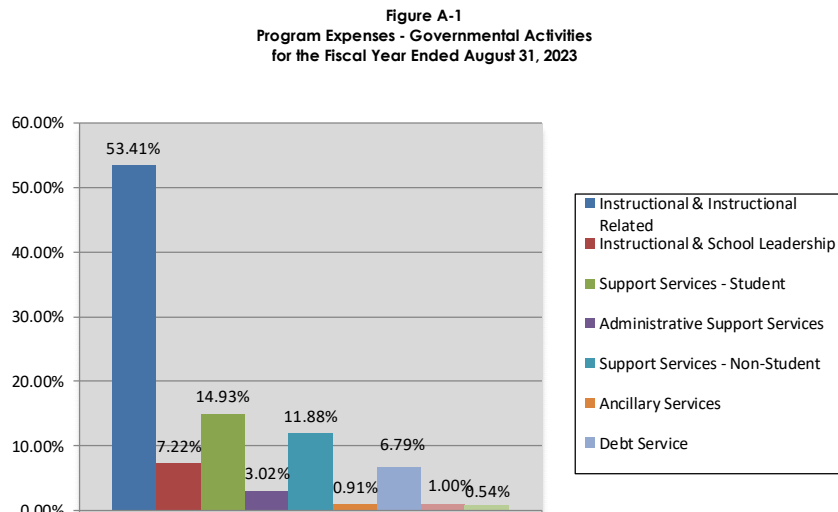
Program related grants and contributions totaled \$58.1 million. This decrease of \$20.4 million is due to the decrease in insurance recoveries. Federal stimulus funds under Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Education Stabilization Fund continued to provide financial assistance through a number of programs, expanding funding to address afterschool care, school health supports, and the increased needs of children in special education and homeless children and youth. During the fiscal year ended August 31, 2023, the District expended \$29.9 million in federal stimulus funds, including the E-Rate Emergency Connectivity Fund Program.

The remaining 9.0% is generated from charges for services, investment earnings, and miscellaneous revenues. Investment earnings increased \$13.7 million as general obligation bonds were issued and interest rates increased.



The cost of all governmental activities totaled \$217.0 million increasing \$11.0 million from the prior year. Approximately, \$7.2 million of the increase was due to interest and issuance costs related to the issuance of long-term debt. With the expiration of two of the Tax Increment Reinvestment Zones (TIRZ), pass-through payment into the Tax Increment Fund (TIF) decreased by \$8.1 million. The District also approved a 3% average increase for staff but continued to experience significant vacancies, particularly in custodial and food service positions. Supply chain issues also delayed the completion of a number of maintenance projects as well as the delivery of equipment purchases.

The District's expenses by major functional category are shown on the following chart. \$115.9 million or 53.4% of the District's total expenses was spent on instruction and instructional related services with another \$32.4 million, 14.9%, attributable to student based support services and \$15.7 million, 7.2%, to instructional and school leadership. Non-student based support services totaled \$25.8 million. Intergovernmental expenses to support shared service arrangements, the central appraisal district, and the pass-through of tax collections for properties in the Tax Increment Reinvestment Zone, totaled \$1.8 million while expenses related to paying debt service totaled \$14.7 million. The remaining 3.9% was spent for general administrative costs and ancillary services.



## Financial Analysis of the District's Funds

As noted, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and to segregate revenues and expenditures for particular purposes.

### Governmental Funds

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At August 31, 2023, the District's governmental funds, shown on Exhibit C-1, reported a combined ending fund balance of \$317.7 million, an increase of \$50.6 million from the prior year. This increase is primarily due to the unexpended general obligation bonds issued in September 2022 and April 2023. The unassigned fund balance in the general fund constitutes 15.6% of the combined ending fund balances.

The remainder of the fund balance is not available for general operations because it is nonspendable, restricted, or committed as follows:

Nonspendable fund balance:	
Investments in inventory	315,905
Prepaid items	251
Restricted fund balance:	
Federal or state funds grant restriction	5,873,953
Capital acquisition and contractual obligations	248,090,003
Retirement of long-term debt	5,075,473
Other restricted fund balance	2,345,002
Committed fund balance:	
Construction and other major improvements	381,364
Capital expenditures for equipment	1,652,239
Other committed fund balance	4,295,286

### General Fund

The *general fund* is the primary operating fund and supports most of the District's educational program support operations. As of August 31, 2023, the fund balance for the general fund totaled \$58.0 million, increasing \$2.7 million from the year ended August 31, 2022. The unassigned portion of the fund balance increased by \$4.0 million to \$49.7 million.

As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to the total fund expenditures. Unassigned fund balance represents 32.4% of total fund expenditures, while the total fund balance is 37.8%.

### Debt Service

Reserves in the debt service fund increased by \$1.1 million. The increase in the reserves was largely a result of increased earnings on investments of \$0.6 million due to higher interest rates. Although net taxable property values increased 17.0%, the debt service on newly issued general obligation bonds increased the fund's expenditures by \$7.6 million, requiring an increase in the interest and sinking tax rate from \$0.22024 to \$0.298969. The District issued unlimited tax school building bonds totaling \$165,500,000. These transactions resulted in a net increase in the District's debt obligations of \$145.5 million. The ending debt service reserve of \$5.1 million represents 20.4% of the annual debt service.

## **Capital Projects Fund**

In November 2021, voters passed a \$355 million bond election to fund new construction in the rebuild of a high school, two middle schools, and one elementary school as well as an addition and renovations to a second elementary school. During the 2023 fiscal year, the District issued the remaining authorized general obligation bonds and expended \$120.7 million on various projects, completing the construction of G. W. Carver Middle School. At year-end, \$157.6 million remained obligated in construction contracts.

The capital projects fund ended the year with a total fund balance of \$248,090,003, all of which is restricted for capital acquisitions and contractual obligations. The net increase in fund balance during the current year in the capital projects fund was \$46,631,508 due to the issuance of capital related debt exceeding capital outlay for facilities acquisitions and construction.

## **CRRSA ESSER II**

The CRRSA ESSER II fund ended the year with a total fund balance of \$0. The CRRSA ESSER II revenues equaled expenditures of \$13,283,519.

## **Nonmajor Governmental Funds**

Nonmajor governmental funds include special revenue funds used to account for all financial resources restricted to, or designated for specific purposes by a grantor or other authority. Typically, the special revenue funds do not carry a fund balance. The fund balance shown of \$6.5 million, for the nonmajor governmental funds represents restricted fund balance for the National School Breakfast and Lunch Program of \$5.9 million and committed fund balances in campus activity funds of \$641,837 and apprenticeship training program of \$15,715.

## **Proprietary Funds**

An internal service fund has been utilized to record costs associated with the District's self-funded health insurance and partially self-funded workers' compensation and unemployment programs. The fund was established in order to charge the governmental funds for their share of these costs, provide additional detail for expenses, and allow for full accrual of actuarial estimates of future costs of incurred claims.

The District's self-funded group health plan was implemented on January 1, 2018. Revenues are generated through assessments to the other funds as well as employee contributions for employee premiums in excess of the District's contribution and dependent coverage.

Assessments to the other funds totaled \$10.0 million and employee contributions totaled \$3.4 million. Monthly contribution rates for health insurance were increased from \$428 to \$456 per employee for the 2023 plan year. Fees paid to the third party administrators totaled \$1.3 million. Claims expense totaled \$13.1 million and included actuarially-determined incurred but not reported claims of \$228,137 for workers' compensation, medical claims of \$282,000 and prescription drug claims of \$99,000. The ending net position for the fund was \$1.6 million, a decrease from the prior year of \$1.4 million and represents 10.0% of the fund's operating expenses for 2022-2023.

## General Fund Budgetary Highlights

On August 25, 2022, the Board adopted the District's official budget that included annual operating budgets for the General, National School Breakfast and Lunch Program, and Debt Service funds. The Board approved budgets for the following funds that make up the District's Official Budget. Original appropriations in the official budget are as follows:

General Fund	\$ 160,310,192
National School Breakfast and Lunch Program Fund	10,978,538
Debt Service Fund	24,901,048

In addition to the functional appropriations, the District budgeted an operating transfer of \$1,030,292 out of the General Fund to cover the projected funding deficit for the operations of the Greater Waco Advanced Academies and the Regional Day School Program for the Deaf. Estimated revenues were short of covering budgeted appropriations in these funds by the following amounts: General Fund, \$3.4 million and the National School Breakfast and Lunch Program, \$1.1 million. For the Debt Service fund revenues were estimated to cover expenditures.

For the 2023 fiscal year, the General Fund budget was adopted based on a compressed tax rate of \$0.942900 per \$100 of valuation, a decrease of \$.081500. In proposing the 2022 tax rate, the Board also approved an increase in the interest and sinking rate of \$0.078730, from \$0.220240 to \$0.298969 per \$100 of valuation. This increase was necessitated due to the issuance of new debt.

Estimated state Foundation School Program revenues were based on an average daily attendance (ADA) of 12,337. Between the 2018-2019 and 2021-2022 school years, enrollment declines totaled 672 students. At the same time the attendance rate, as a percent of fall enrollment, had not returned to pre-pandemic levels, decreasing 6.9% from 2018-2019. Hold harmless measures implemented by the Commissioner of Education for the three years following the pandemic mitigated the loss in revenues for those years but increased the uncertainty in projecting ADA for 2022-2023 funding purposes. While we anticipated a slight loss in enrollment of 66 students, we increased the attendance rate by 5.0%.

Approximately 89.0% of the District's General Fund revenues are generated from local property tax collections and the inter-related state Foundation School Program allotments. The increased property values, tax rate compression, losses in ADA, and the expiration of the Tax Increment Reinvestment Zone, resulted in an estimated revenue loss of \$6.8 in building the General Fund budget. Although enrollment declined another 263 students and the attendance rate only increased 2.4%, the revenue loss was ameliorated by increased earnings on investments, value appeals and property insurance recoveries.

The Board's priorities for the 2022-2023 budget continued to focus on dealing with the effects of the pandemic, retaining staff, maintaining programs, and addressing students' learning losses. In spite of the projected revenue losses, the Board approved an average salary increase of 3% for all employees, increasing the starting teacher pay from \$50,250 to \$51,475. The pay increase cost the general fund approximately \$2.7 million, net of projected salary savings, with another \$1.0 million in increased benefits costs, primarily due to a legislated increase in rates for Teacher Retirement contributions and an increase in the District's contribution to the group health plan.

Another \$1.1 million was added for required staffing for special education, \$3.2 million in E-Rate projects (offset by increased federal revenue), \$0.2 million in safety expenditures, and \$1.1 million in other unavoidable rate and contractual obligations increases. To help fund these increases and cover revenue losses, the District made staff reductions of \$3.1 million and funded \$0.8 million in existing positions through federal stimulus funds. The aforementioned expiration of the TIRZ reduced the appropriations by \$7.9 million in pass-through payments into the TIF. Federal stimulus funding was again allocated to cover technology devices and connectivity for both employees and students, air quality improvements, as well as payroll costs to address learning losses and social and emotional remediation.

In April 2018, the District entered into a performance contract, under the rules adopted by the Commissioner of Education to implement SB 1882, creating a local campus partnership for the management of five of the District's lowest performing campuses. Under the partnership, the District was eligible for additional "Aid to Contract to Operate a District Campus". Funds generated by the five campuses, for the most part, were to be allocated at their discretion. However, many services were still provided by the District, some were optional, but others were included in an agreed upon administrative cost. The District acts as fiscal agent for the program. Cumulative unexpended revenues generated by the campuses in the Transformation Zone of \$2.3 million are shown as other restricted fund balance on the general fund balance sheet in the governmental fund schedules.

Over the course of the year, the administration recommended, and the Board of Trustees approved, amendments to budgeted revenue and appropriations. Revisions to the revenue budget are necessary due to changes in estimates for local, state, and federal revenue based on updated information concerning student attendance, tax collections, and other factors. Revisions to appropriations are necessitated by changes in spending needs over the course of the year subsequent to the Board's approval of the original budget. The Board may also fund additional allocations from unassigned fund balance for special projects.

The District's major budget amendments during the year are summarized as follows:

- Revenue estimates were decreased by \$2.8 million, with an offsetting appropriations decrease, for an E-Rate project, originally budgeted in the General Fund but later accounted for in a special revenue fund.
- Revenue estimates were increased by \$1.5 million, with an offsetting appropriations increase, for funding and costs related to the Teacher Incentive Program.
- Other resources were increased by \$1.3 million, with an offsetting appropriations increase, for the implementation of GASB 96 accounting for subscription-based information technology arrangements.
- Unassigned fund balance was used to support expenditure appropriations for the following:
  - o \$2.2 million for the re-appropriation of budgets for purchase orders from fiscal year 2022, honored in 2023;
  - o \$0.6 million for the completion of the walk-in cooler/freezer project;
  - o \$1.5 million for bus purchases; and
  - o \$0.2 million for classroom furniture replacement;
  - o \$0.8 million for costs related to Special Education services, required to meet federal maintenance of effort;
  - o \$0.6 million for start-up costs incurred in opening the new G. W. Carver Middle School. These expenditures are expected to be covered through New Instructional Facilities Allotment funding in 2023-2024.

During fiscal year 2023, appropriations for the National School Breakfast and Lunch Fund were increased by \$1.6 million. Budgeted appropriations increased for the re-appropriation of budgets for equipment and vehicle purchases, which were not received at August 31, 2022, including the equipment for the cooler-freezer project. Later in the year, another \$1.1 million was amended for additional equipment purchases. The District has had an excess fund balance in the child nutrition program for the past few years and had intended to address the situation in the 2021-2022 fiscal year. However, supply chain issues and service issues have continued to delay completion of remediation plans.

In developing the original budget for the Debt Service fund, the interest and sinking tax rate was set to cover an additional \$7.6 million in debt services requirements from the issuance of new general obligation bonds.

The Board of Trustees also adopts budgets for several funds for which the District acts as the fiscal agent. These include the following funds and budgeted appropriations:

McLennan County Challenge Academy	\$	925,234
Regional Day School for the Deaf		1,026,708
Greater Waco Advanced Academies:		
Advanced Health Care Academy		1,402,179
Advanced Manufacturing Academy		1,301,090

## Capital Assets

The District's investment in capital assets for its governmental activities as of August 31, 2023, totaled \$314.9 million, net of accumulated depreciation/amortization of \$171.2 million. The increase in construction in progress of \$117.5 million reflects on-going construction of projects approved in the November 2021 bond election, primarily the high school and two middle schools. Equipment and vehicle purchases, including the walk-in cooler and freezer units, in the National School Lunch and Breakfast program, totaled \$1.8 million with equipment and vehicle purchases of \$1.6 million from other funding sources. The summary of capital assets includes right-to-use subscription assets, net of depreciation, of \$0.7 million. This change is due to the implementation of GASB 96. Asset data for the year ended August 31, 2022, has been restated to include these assets. The investment in capital assets includes facilities, equipment, and vehicles utilized in governmental activities.

The following table shows the changes in capital assets by category of asset.

### Waco Independent School District's Capital Assets (Net of Depreciation/Amortization)

	Governmental Activities					
	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land	\$ 11,217,629	4	\$ 11,217,629	5	\$ -	-
Buildings and improvements	156,718,203	50	156,822,436	80	(104,233)	-
Furniture, equipment and vehicles	9,114,245	3	7,879,170	4	1,235,075	16
Right-to-use assets, equipment	864,879	-	1,032,011	1	(167,132)	(16)
Right-to-use assets, subscription assets*	901,528	-	161,727	-	739,801	457
Construction in progress	136,081,080	43	18,615,095	10	117,465,985	631
<b>Totals</b>	<b>\$ 314,897,564</b>	<b>100</b>	<b>\$ 195,728,068</b>	<b>100</b>	<b>\$ 119,169,496</b>	

\* Right-to-use assets, subscription assets have been adjusted to reflect a beginning balance upon adoption of GASB 96.

These acquisitions were offset by depreciation and the removal of the demolished buildings at Waco High School and Tennyson Middle School and disposal of surplus property through trade-ins. Additional information may be found in Note 7 to the financial statements.

## Long-term Liabilities

At August 31, 2023, the District had total long-term liabilities totaling \$580.6 million. Of this amount, \$488.8 million comprises debt backed by the full faith of the State of Texas Permanent School Fund. During the 2022-2023 fiscal year, the District retired \$8.3 million in bonded debt through scheduled debt service payments. In September 2022 and April 2023, the District issued unlimited tax school building bonds in the amounts of \$75.0 million and \$80.0 million, respectively, as approved in the November 2021 bond election. These issues included premiums of \$2.7 million and \$2.3 million. These issues completed the \$355.0 million authorization. Bond payments due within one year total \$4.4 million.

The District's bonds are issued with an "AAA" rating as guaranteed through the Texas Permanent School Fund bond guarantee program. The District's current underlying rating is "AA-" from Standard and Poor's and "Aa2" from Moody's Investors Service.

Long-term obligations include \$59.2 million and \$31.0 million, respectively, for the District's proportionate share of the net pension and other postemployment benefits liabilities. The District's proportionate share of the net pension liability increased \$35.3 million and its proportionate share of the net TRS-Care post-employment benefit liability decreased \$16.3 million from the prior year.

The long-term obligations also include the impact of implementing GASB Statement No. 96, *Subscription-based Information Technology Arrangements*. The subscriptions obligation at the beginning of period was \$0.1 million, subscriptions issued were \$0.9 million, amortization of the subscriptions for the year ended August 31, 2023 was \$0.3 million for an ending balance of \$0.7 million. Subscription payments due within one year total \$0.3 million. Long-term liability data for the fiscal year ended August 31, 2022 has been restated to include this liability.

The following is a summary of the District's long-term liabilities:

**Waco Independent School District's Outstanding Long-term Liabilities**

	Governmental Activities					
	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	\$ 453,665,000	78	\$ 310,660,000	75	\$ 143,005,000	46
Premiums	26,333,586	5	23,028,069	6	3,305,517	14
Accumulated accretion	8,849,280	2	9,690,218	2	(840,938)	(9)
Leases payable	870,963	-	1,027,098	-	(156,135)	(15)
Subscriptions payable*	683,467	-	161,727	-	521,740	323
Net pension liability	59,185,439	10	23,898,364	6	35,287,075	148
Net OPEB liability	31,028,582	5	47,362,589	11	(16,334,007)	(34)
<b>Totals</b>	<b>\$ 580,616,317</b>	<b>100</b>	<b>\$ 415,828,065</b>	<b>100</b>	<b>\$ 164,788,252</b>	

\* Subscriptions payable has been adjusted to reflect a beginning balance upon adoption of GASB 96.

Additional information about the District's long-term debt is presented in Notes 1, 8, 10 and 11 to the financial statements.

**Economic Factors and Next Year's Budgets and Tax Rates**

For the 2024 fiscal year, the Board of Trustees adopted a General Fund budget in which appropriations, of \$161.7 million, exceeded estimated revenues, of \$157.6 million, by \$4.1 million. Additionally, the budget included operating transfers of \$0.6 million to cover projected shortfalls in funding for the Greater Waco Advanced Academies and the Regional Day School Program for the Deaf.

The uncertainties in projecting enrollment and attendance and its impact on school funding continued to be the greatest challenge in developing the 2022-2023 budget. State revenues are primarily driven by student populations in average daily attendance (ADA). Enrollment had decreased 1,076 students between fiscal years 2020 and 2023 and attendance rates had decreased from a five-year average of 90.3% in 2019 to 85.9% in 2023. While trying to take a more conservative approach in developing the budget for the 2024 fiscal year, we did not want to underestimate revenues to such an extent that we were unable to provide much needed salary and benefit increases. As a result, the 2023-2024 budget was based on an enrollment of 13,698, a decrease of another 125 students. The attendance rate utilized was 86.3%, 0.4% higher than 2022-2023 but 4.0% less than the pre-pandemic average.

Although a school funding bill was not passed in the 88<sup>th</sup> Regular Legislative Session, nor any of the subsequent special sessions held in the fall of 2023, several bills affected school districts. The first increased the homestead exemption from \$40,000 to \$100,000. This required a constitutional amendment that was passed by the voters in November. Property tax legislation also included additional compression of the maintenance and operations tax rate further shifting the revenue burden from the local taxpayer to State Foundation School Funding. The third bill impacting funding was legislation from 2019. House Bill 3 included a driver to the Golden Penny yield after it was decoupled from the Austin wealth level. This inflationary driver increased the District's Tier 2 funding by approximately \$4.0 million – the only “increase” in funding we were to see in basic school funding formulas for 2023-2024.

Property tax legislation coupled with property value growth of 12.2% required further state and local compression of the District's maintenance and operations tax rate. The maximum compressed rate (MCR) was reduced from \$0.8046 to \$0.6281. Added to the enrichment tax rate of \$0.1383, the total maintenance and operations tax rate was set at \$0.7664 per \$100 of valuation, a \$0.1765 decrease from the 2022 rate.

Because of legislation, property value increases, compression of the tax rate, and losses in ADA, local and state revenues were estimated to increase \$2.3 million.

On the expenditure side, campus staffing allocations are heavily based on projected student counts. The impact of multiple years of enrollment declines necessitated a review of staffing at the campuses and central office. This exercise generated approximately \$2.3 million in budget reductions. That, along with the increase in funding, allowed the District to once again provide an average salary increase of 3%, increasing the starting teacher pay from \$51,475 to \$52,975 and provide strategic adjustments to various positions on the pay scales totaling \$443,417. Additionally, the compensation proposal raised the minimum pay rate for full-time auxiliary staff to \$14.00 per hour. The salary package with adjustments totaled \$3.9 million.

Increased identification of students requiring special education services required the hiring of another \$1.2 million in special education staffing to meet maintenance of effort. Furthermore, difficulties in hiring speech pathologists and diagnosticians have forced the District to contract for much of these services at a much higher cost. Another \$1.0 million was budgeted for unavoidable cost increases in benefits, utilities, insurance, and other fees.

Finally, legislation on school safety necessitated expenditures in hardening facilities and an increased in an armed police presence on all district campuses. Entitlement grants were made available by the state for facilities improvements. However, the slight adjustment in the School Safety Allotment, from \$9.72 per ADA to \$10.00 per ADA plus \$15,000 per campus, was inadequate to cover the cost of the increase in staffing. Compliance with this requirement increased the budget by \$0.5 million.

Since the budget was adopted, \$2.2 million in funds, committed for projects during the 2022-2023 fiscal year, have been rebudgeted in 2023-2024. \$0.4 million of these committed funds were appropriated for the completion of maintenance projects, \$1.4 million for the future purchase of school buses, \$0.1 million for classroom furniture purchases, and \$0.3 million for purchase orders, outstanding at August 31<sup>st</sup>. Subsequently, \$0.2 million was taken from the unassigned fund balance to ensure comparability among the District's middle school and \$0.2 million was amended for additional security costs to ensure armed coverage of all District campuses. Another \$1.0 million was amended for the repair of roofs damaged by hail in June 2023. It is estimated that \$0.5 million of the costs will be covered by property insurance recoveries.

The District continued to leverage federal stimulus funding to enhance literacy programs, procure instructional technology, including student and teacher devices, learning management software, training, and hotspots to enable Waco ISD students to access the internet, provide social and emotional programming, and additional instructional support to assist in the recovery of learning losses.

Federal funding will continue to assist in covering costs for the 2023-2024 fiscal year. At August 31, 2023, approximately \$29.2 million remained in awarded ESSER II and III funding, including expanded awards for afterschool care, learning acceleration, school health, and homeless children and youth support. As of September 30, 2023, funding under ESSER II has been completely expended. Since the federal stimulus funding has a certain end date, the District is presently reviewing staffing, leaving vacancies unfilled until required, and program expenditures to ensure future revenues will cover operating expenditures.

Participation in the National School Breakfast and Lunch Program seems to have normalized. Original budget appropriations of \$11.3 million exceeded estimated revenues of \$11.0 million by \$0.3 million. At the time the budget was adopted, the beginning fund balance was projected to be \$5.7 million. This ended up at \$5.9 million because a number of purchases were not received by August 31, 2023. \$0.1 million of those purchase orders were rebudgeted in the 2023-2024 fiscal year. Additionally, \$2.3 million has been amended from the restricted fund balance to replace kitchen equipment and upgrade serving lines throughout the District. The ending fund balance at August 31, 2023, exceeded the allowable fund balance, equivalent to three-months operating expenditures, by \$3.0 million. It is expected that the increase in wage rates for kitchen staff will alleviate the high turnover and vacancy rate as well as draw down the excess balance.

On the debt service side, the issuance of the final \$165,500,000 million in general obligation tax school building bonds increased the annual debt service requirement by \$1.0 million. However, property value increases of 12.2% and excess collections of \$0.8 million in the prior year more than covered the debt service requirements and the increased homestead exemption. This allowed the District to reduce the interest and sinking tax rate by \$0.036782, from \$0.298969 to \$0.262187 per \$100 of valuation.

The District continues to deal with the now institutionalized impact of COVID-19. As discussed, as of September 1, 2023, the District had over \$29.2 million in federal stimulus funding remaining. These funds will continue to be targeted at employee retention, technology, and other interventions to address student learning. We do not expect projections of enrollment or ADA to improve for the 2024-2025 budget. There are almost \$5.1 million in positions funded through federal stimulus funds. The District is currently reviewing staffing and refining budget estimates in order to restructure programs and develop spending plans to best support student success and align budgeted appropriations to available revenues.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances. Questions concerning this report or requests for additional information should be addressed to the Chief Financial Officer, Waco Independent School District, 501 Franklin Avenue, Waco, Texas 76701.

# **Basic Financial Statements**

# Waco Independent School District

## Statement of Net Position

August 31, 2023

# Exhibit A-1

<b>Data Control Codes</b>		<b>1 Primary Government Governmental Activities</b>
<b>ASSETS</b>		
1110	Cash and cash equivalents	\$ 358,370,522
1120	Investments	995,940
1220	Property taxes receivables	3,890,517
1230	Allowance for uncollectable taxes	(2,764,907)
1240	Due from other governments	15,007,721
1250	Accrued interest	393,571
1290	Other receivables	1,344,781
1300	Inventories	315,905
1410	Prepaid items	251
	Capital assets, not being depreciated/amortized:	
1510	Land	11,217,629
1580	Construction in progress	136,081,080
	Capital assets, net of depreciation./amortization:	
1520	Buildings and improvements	156,718,203
1530	Furniture and equipment	9,114,245
1551	Right-to-use leased assets	864,879
1553	Right-to-use subscription assets	901,528
1000	Total assets	692,451,865
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
1705	Deferred outflows - pension	25,264,709
1706	Deferred outflows - OPEB	12,146,524
1710	Deferred charge on refunding	13,458,015
1700	Total deferred outflows of resources	50,869,248
<b>LIABILITIES</b>		
2110	Accounts payable	22,940,405
2120	Other current liabilities	6,643,895
2140	Interest payable	1,688,251
2150	Payroll deductions and withholdings	1,533,999
2160	Accrued wages payable	6,678,322
2180	Due to other governments	18,646,018
2300	Unearned revenue	707,992
	Noncurrent liabilities:	
2501	Due within one year	4,858,081
2502	Due in more than one year	485,544,215
2540	Net pension liability	59,185,439
2545	Net OPEB liability	31,028,582
2000	Total liabilities	639,455,199
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2605	Deferred inflows - pension	4,734,563
2606	Deferred inflows - OPEB	51,498,634
2600	Total deferred inflows of resources	56,233,197
<b>NET POSITION</b>		
3200	Net investment in capital assets	94,019,141
3820	Restricted for grants	5,873,953
3820	Restricted for transformation zone contract	2,345,002
3900	Unrestricted	(54,605,379)
3000	<b>TOTAL NET POSITION</b>	<b>\$ 47,632,717</b>

The Notes to the Financial Statements are an integral part of this statement.

**Waco Independent School District**  
Statement of Activities  
For the Fiscal Year Ended August 31, 2023

**Exhibit B-1**

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position	
		Expenses	Program Revenues			Governmental Activities
			Charges for Services	Operating Grants and Contributions		
<b>PRIMARY GOVERNMENT</b>						
	Governmental activities:					
0011	Instruction	\$ 102,227,921	\$ 2,484,844	\$ 20,924,209	\$ (78,818,868)	
0012	Instructional resources and media services	4,111,845	53,601	3,326,383	(731,861)	
0013	Curriculum and instructional staff development	9,551,185	92,391	6,267,728	(3,191,066)	
0021	Instructional leadership	4,881,118	332,150	941,447	(3,607,521)	
0023	School leadership	10,787,666	163,917	798,120	(9,825,629)	
0031	Guidance, counseling, and evaluation services	8,339,301	278,267	2,590,919	(5,470,115)	
0032	Social work services	1,134,187	-	486,207	(647,980)	
0033	Health services	1,565,714	-	129,111	(1,436,603)	
0034	Student transportation	3,484,565	-	-	(3,484,565)	
0035	Food service	10,547,421	539,610	11,553,932	1,546,121	
0036	Extracurricular activities	7,320,418	687,358	727,941	(5,905,119)	
0041	General administration	6,555,878	-	3,234,244	(3,321,634)	
0051	Plant maintenance and operations	18,905,416	278,040	4,333,667	(14,293,709)	
0052	Security and monitoring services	2,897,773	1,257	289,781	(2,606,735)	
0053	Data processing services	3,972,674	-	655,759	(3,316,915)	
0061	Community services	1,972,999	795	1,365,369	(606,835)	
0072	Interest on long-term debt	13,345,184	-	449,138	(12,896,046)	
0073	Issuance costs and fees	1,378,374	-	-	(1,378,374)	
0081	Facilities repair and maintenance	2,171,843	-	3,594	(2,168,249)	
0093	Payments related to shared services arrangements	381,097	140,670	19,408	(221,019)	
0095	Payments to juvenile justice alternative education programs	601,613	-	-	(601,613)	
0097	Payments to tax increment fund	2,454	-	-	(2,454)	
0099	Other intergovernmental charges	832,484	-	-	(832,484)	
TG	Total governmental activities	216,969,130	5,052,900	58,096,957	(153,819,273)	
TP	<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 216,969,130</b>	<b>\$ 5,052,900</b>	<b>\$ 58,096,957</b>	<b>(153,819,273)</b>	
	General revenues:					
MT	Property taxes, levied for general purposes				78,929,807	
DT	Property taxes, levied for debt service				24,958,189	
GC	Grants and contributions not restricted to specific programs				60,299,553	
IE	Investment earnings				14,785,236	
MI	Miscellaneous				1,664,020	
TR	Total general revenues				180,636,805	
CN	Change in net position				26,817,532	
	Net position - beginning				20,815,185	
NE	<b>NET POSITION - ENDING</b>				<b>\$ 47,632,717</b>	

The Notes to the Financial Statements are an integral part of this statement.

# Waco Independent School District

Balance Sheet  
 Governmental Funds  
 August 31, 2023

Data Control Codes		199	599
		General Fund	Debt Service Fund
<b>ASSETS</b>			
1110	Cash and cash equivalents	\$ 74,379,134	\$ 5,240,647
1120	Investments	995,940	-
1220	Property taxes receivables	3,086,573	803,944
1230	Allowance for uncollectable taxes	(2,216,808)	(548,099)
1240	Due from other governments	75,915	1,076
1250	Accrued interest	389,300	-
1260	Due from other funds	11,923,012	-
1290	Other receivables	978,565	-
1300	Inventories	315,905	-
1410	Prepaid items	251	-
1000	Total assets	<u>89,927,787</u>	<u>5,497,568</u>
1000a	<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 89,927,787</u>	<u>\$ 5,497,568</u>
<b>LIABILITIES</b>			
2110	Accounts payable	\$ 2,627,835	\$ 9,500
2120	Other current liabilities	-	-
2150	Payroll deductions and withholdings	1,533,999	-
2160	Accrued wages payable	5,624,696	-
2170	Due to other funds	3,377,985	31,653
2180	Due to other governments	17,887,458	125,097
2300	Unearned revenue	10,685	-
2000	Total liabilities	<u>31,062,658</u>	<u>166,250</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2600	Unavailable revenue - property taxes	<u>869,765</u>	<u>255,845</u>
	Total deferred inflows of resources	869,765	255,845
<b>FUND BALANCES</b>			
Nonsependable:			
3410	Inventories	315,905	-
3430	Prepaid items	251	-
Restricted:			
3450	Grants	-	-
3470	Capital acquisitions and contractual obligations	-	-
3480	Debt service	-	5,075,473
3490	Transformation zone contract	2,345,002	-
Committed:			
3510	Construction and other major improvements	381,364	-
3530	Capital expenditures for equipment	1,652,239	-
3545	Other	3,637,734	-
3600	Unassigned	49,662,869	-
3000	Total fund balances	<u>57,995,364</u>	<u>5,075,473</u>
4000	<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 89,927,787</u>	<u>\$ 5,497,568</u>

The Notes to the Financial Statements are an integral part of this statement.

699	281	98	
Capital Projects Fund	CRRSA ESSER II	Total Nonmajor Funds	Total Governmental Funds
\$ 272,112,623	\$ -	\$ 6,638,118	\$ 358,370,522
-	-	-	995,940
-	-	-	3,890,517
-	-	-	(2,764,907)
-	8,111,194	6,819,536	15,007,721
-	-	4,271	393,571
510,908	-	857,809	13,291,729
-	-	271,708	1,250,273
-	-	-	315,905
-	-	-	251
<u>272,623,531</u>	<u>8,111,194</u>	<u>14,591,442</u>	<u>390,751,522</u>
<u>\$ 272,623,531</u>	<u>\$ 8,111,194</u>	<u>\$ 14,591,442</u>	<u>\$ 390,751,522</u>
\$ 18,002,791	\$ 274,718	\$ 1,916,255	\$ 22,831,099
5,922,543	-	112,214	6,034,757
-	-	-	1,533,999
-	62,397	991,229	6,678,322
-	7,774,079	4,317,663	15,501,380
608,194	-	25,269	18,646,018
-	-	697,307	707,992
<u>24,533,528</u>	<u>8,111,194</u>	<u>8,059,937</u>	<u>71,933,567</u>
-	-	-	1,125,610
-	-	-	1,125,610
-	-	-	315,905
-	-	-	251
-	-	5,873,953	5,873,953
248,090,003	-	-	248,090,003
-	-	-	5,075,473
-	-	-	2,345,002
-	-	-	381,364
-	-	-	1,652,239
-	-	657,552	4,295,286
-	-	-	49,662,869
<u>248,090,003</u>	<u>-</u>	<u>6,531,505</u>	<u>317,692,345</u>
<u>\$ 272,623,531</u>	<u>\$ 8,111,194</u>	<u>\$ 14,591,442</u>	<u>\$ 390,751,522</u>

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**Waco Independent School District****Exhibit C-1R**

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
August 31, 2023

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1)** \$ 317,692,345

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets, excluding those capital assets reported in the internal service funds, at year-end consists of:

Governmental capital assets costs	\$ 486,061,425	
Accumulated depreciation/amortization of governmental capital assets	(171,163,861)	314,897,564

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures are deferred in the funds.		1,125,610
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Long-term liabilities, including bonds payable, leases payable, subscriptions payable, and net pension and OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities and deferred outflows and inflows at year-end related to such items consist of:

Bonds payable, at original par	\$ (453,665,000)	
Premiums on bonds payable	(26,333,586)	
Deferred charge on refunding	13,458,015	
Accreted interest on capital appreciation bonds	(8,849,280)	
Accrued interest on bonds	(1,688,251)	
Lease payable	(870,963)	
Subscriptions payable	(683,467)	
Net pension liability	(59,185,439)	
Net OPEB liability	(31,028,582)	(568,846,553)

An internal service fund is used by the District to charge the costs of various services to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		1,585,715
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Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.		25,264,709
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Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.		(4,734,563)
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Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.		12,146,524
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Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.		(51,498,634)
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**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1)** **\$ 47,632,717**

**Waco Independent School District**  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended August 31, 2023

Data Control Codes		199	599
		General Fund	Debt Service Fund
<b>REVENUES</b>			
5700	Local and intermediate sources	\$ 84,172,358	\$ 25,495,326
5800	State program revenues	64,417,580	449,138
5900	Federal program revenues	6,813,855	-
5020	Total revenues	155,403,793	25,944,464
<b>EXPENDITURES</b>			
Current:			
0011	Instruction	83,890,849	-
0012	Instructional resources and media services	519,762	-
0013	Curriculum and instructional staff development	3,547,532	-
0021	Instructional leadership	3,737,709	-
0023	School leadership	10,314,884	-
0031	Guidance, counseling, and evaluation services	5,841,750	-
0032	Social work services	710,533	-
0033	Health services	1,503,981	-
0034	Student transportation	3,017,192	-
0035	Food service	-	-
0036	Extracurricular activities	5,540,513	-
0041	General administration	6,693,187	-
0051	Plant maintenance and operations	17,722,139	-
0052	Security and monitoring services	3,308,214	-
0053	Data processing services	3,514,925	-
0061	Community services	633,543	-
Debt service:			
0071	Principal on long-term debt	646,937	9,250,000
0072	Interest on long-term debt	17,225	15,618,758
0073	Issuance costs and fees	-	4,800
Capital outlay:			
0081	Facilities acquisition and construction	466,331	-
Intergovernmental:			
0093	Payments related shares services arrangements	299,000	-
0095	Payments to juvenile justice alternative education programs	601,613	-
0097	Payments to tax increment fund	787	1,667
0099	Other intergovernmental charges	832,484	-
6030	Total expenditures	153,361,090	24,875,225
1100	Excess (deficiency) of revenues over (under) expenditures	2,042,703	1,069,239
<b>OTHER FINANCING SOURCES (USES)</b>			
7911	Capital-related debt issued (regular bonds)	-	-
7912	Sale of real and personal property	41,994	-
7913	Issuance of right-to-use leased and subscription assets	1,012,541	-
7915	Transfers in	-	-
7916	Premium or discount on issuance of bonds	-	-
8911	Transfers out	(355,803)	-
7080	Total other financing sources (uses)	698,732	-
1200	Net change in fund balances	2,741,435	1,069,239
0100	Fund balances - beginning	55,253,929	4,006,234
3000	<b>FUND BALANCES - ENDING</b>	<b>\$ 57,995,364</b>	<b>\$ 5,075,473</b>

The Notes to the Financial Statements are an integral part of this statement.

699		281	
Capital Projects Fund	CRRSA ESSER II	Total Nonmajor Funds	Total Governmental Funds
\$ 10,937,695	\$ -	\$ 4,948,034	\$ 125,553,413
-	-	1,260,054	66,126,772
-	13,283,519	36,832,629	56,930,003
10,937,695	13,283,519	43,040,717	248,610,188
1,206,965	7,489,110	14,610,990	107,197,914
166,900	1,215,432	2,158,109	4,060,203
-	1,090,391	5,151,295	9,789,218
-	88,857	1,190,495	5,017,061
92,449	385,384	453,433	11,246,150
22	355,452	2,453,906	8,651,130
-	177,363	291,162	1,179,058
6	43,570	61,907	1,609,464
-	-	-	3,017,192
1,200	102,065	11,417,714	11,520,979
159,939	348,164	670,403	6,719,019
-	53,227	-	6,746,414
115,651	1,669,185	2,759,401	22,266,376
-	76,912	201,109	3,586,235
-	34,722	603,970	4,153,617
-	153,685	1,187,849	1,975,077
-	-	-	9,896,937
-	-	-	15,635,983
1,373,574	-	-	1,378,374
117,569,786	-	-	118,036,117
-	-	82,097	381,097
-	-	-	601,613
-	-	-	2,454
-	-	-	832,484
120,686,492	13,283,519	43,293,840	355,500,166
(109,748,797)	-	(253,123)	(106,889,978)
151,340,000	-	-	151,340,000
-	-	95,520	137,514
-	-	-	1,012,541
-	-	355,803	355,803
5,040,305	-	-	5,040,305
-	-	-	(355,803)
156,380,305	-	451,323	157,530,360
46,631,508	-	198,200	50,640,382
201,458,495	-	6,333,305	267,051,963
\$ 248,090,003	\$ -	\$ 6,531,505	\$ 317,692,345

**Waco Independent School District**  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of  
 Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended August 31, 2023

**Exhibit C-3**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2)** \$ 50,640,382

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the costs of those assets are capitalized and allocated over their estimated useful lives as depreciation/amortization expense.

Capital assets increased	\$ 137,162,699	
Depreciation/amortization expense	<u>(14,124,225)</u>	123,038,474

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is a decrease to net position. (3,868,978)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year. 327,173

Issuance of bonds provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Par value	\$ (151,340,000)	
Premium	<u>(5,040,305)</u>	(156,380,305)

Repayment of bond principal and accreted interest is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 9,250,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and includes amortization of related long-term debt accounts. The increase (decrease) in interest expense reported in the statement of activities consist of the following:

Accrued interest on bonds payable (increased) decreased	\$ 1,961,929	
Interest accreted on the capital appreciation bonds	(74,062)	
Amortization of bond premium	1,734,788	
Amortization of deferred charge on refunding	<u>(1,331,855)</u>	2,290,800

Issuance of leases payable and subscriptions payable provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net position. (1,012,542)

Repayment of lease payable and subscriptions payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 646,937

An internal service fund is used by the District to charge the costs of various services to the individual funds. The net activity of the following internal service fund is reported in the government-wide statements. (1,406,518)

The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased (decreased)	\$ 11,385,543	
Deferred inflows (increased) decreased	21,778,750	
Net pension liability (increased) decreased	<u>(35,287,075)</u>	(2,122,782)

The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased (decreased)	\$ 2,684,731	
Deferred inflows (increased) decreased	(13,603,847)	
Net OPEB liability (increased) decreased	<u>16,334,007</u>	<u>5,414,891</u>

**CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1)** \$ 26,817,532

The Notes to the Financial Statements are an integral part of this statement.

**Waco Independent School District**

Statement of Net Position

Proprietary Fund

August 31, 2023

**Exhibit D-1**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>ASSETS</b>	
Current assets:	
Due from other funds	\$ 2,209,651
Other receivables	94,508
	<hr/>
Total assets	2,304,159
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	109,306
Claims payable	609,138
	<hr/>
Total liabilities	718,444
<b>NET POSITION</b>	
Unrestricted	1,585,715
	<hr/>
<b>TOTAL NET POSITION</b>	<b>\$ 1,585,715</b>
	<hr/> <hr/>

The Notes to the Financial Statements are an integral part of this statement.

**Waco Independent School District**  
Statement of Revenues, Expenses, and Changes  
in Net Position  
Proprietary Fund  
For the Fiscal Year Ended August 31, 2023

**Exhibit D-2**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>	
Employee contributions	\$ 3,430,177
Insurance recoveries	311,054
Rebates on prescription drugs	803,719
Assessments to other funds	9,958,066
	<hr/>
Total operating revenues	14,503,016
<b>OPERATING EXPENSES</b>	
Contracted administrative services	1,354,778
Reinsurance	1,441,537
Fees	7,181
Claims expense	13,069,355
Other operating expenses	36,683
	<hr/>
Total operating expenses	15,909,534
	<hr/>
Change in net position	(1,406,518)
Net position - beginning	2,992,233
	<hr/>
<b>NET POSITION - ENDING</b>	<b>\$ 1,585,715</b>
	<hr/> <hr/>

The Notes to the Financial Statements are an integral part of this statement.

**Waco Independent School District**  
Statement of Cash Flows  
Proprietary Fund  
For the Fiscal Year Ended August 31, 2023

**Exhibit D-3**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from employee contributions	\$ 3,430,177
Cash received from insurance recoveries	311,054
Cash received from rebates on prescription drugs	803,719
Cash received from assessments to other funds	11,364,584
Cash payments for contracted administration services	(1,354,778)
Cash payments for reinsurance	(1,441,537)
Cash payments for claims	(7,181)
Cash payments for fees	(13,069,355)
Cash payments for other operating expenses	(36,683)
	<hr/>
Net cash provided by (used for) operating activities	-
	-
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents - beginning	<hr/>
	-
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ -</b>
	<hr/> <hr/>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (1,406,518)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
(Increase) decrease in assets:	
Due from other funds	1,930,979
Other receivables	187,224
Increase (decrease) in liabilities:	
Accounts payable	(52,731)
Claims payable	(413,044)
Payroll deductions and withholdings payable	(245,910)
	<hr/>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ -</b>
	<hr/> <hr/>

The Notes to the Financial Statements are an integral part of this statement.

**Waco Independent School District**  
Statement of Fiduciary Net Position  
Fiduciary Fund  
August 31, 2023

**Exhibit E-1**

	<u>Custodial Fund</u>
<b>ASSETS</b>	
Investments	\$ 16,082
Accrued interest	76
Other receiv ables	<u>72,081</u>
<b>TOTAL ASSETS</b>	88,239
<b>LIABILITIES</b>	
Accounts payable	<u>50</u>
<b>TOTAL LIABILITIES</b>	50
<b>NET POSITION</b>	
Restricted for:	
Student Activity	<u>88,189</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 88,189</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**Waco Independent School District**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Fiscal Year Ended August 31, 2023

**Exhibit E-2**

	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Earnings from investments	\$ 201
Miscellaneous receipts from student activities	93,908
	<hr/>
Total additions	94,109
<b>DEDUCTIONS</b>	
Payroll costs	278
Contracted services	40,756
Supplies and materials	13,180
Other miscellaneous operating expenses	24,024
	<hr/>
Total deductions	78,238
	<hr/>
Change in net position	15,871
Net position - beginning	72,318
	<hr/>
<b>NET POSITION - ENDING</b>	<u>\$ 88,189</u>

The Notes to the Financial Statements are an integral part of this statement.

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# Waco Independent School District

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies

The basic financial statements of the Waco Independent School District (the District) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in GASB Statement No. 56, and it complies with the requirements of the appropriate version of the Texas Education Agency's (TEA) Financial Accountability System Resource Guide (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

#### A. Reporting Entity

The District is an independent school district operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The Board has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has primary responsibility for fiscal matters.

Prescribed criteria under GAAP include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

The Waco Independent School District Public Facilities Corporation (the "PFC") has been included as a blended component unit within the reporting entity. Created in February 1999 for the purpose of constructing a stadium facility for the District and governed by the same Board that governs the District, the PFC issued lease revenue bonds in the amount of \$4,300,000 and signed a lease agreement with the District for the use of the stadium. These bonds have been retired.

In evaluating how to define the government for financial reporting purposes, the District's management has considered all potential component units. By applying the criteria set forth in GAAP, the District has determined that no other organizations require inclusion within the reporting entity.

#### B. Government-wide Financial Statements

The government-wide financial statements report the information on all of the non-fiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. There are no business-type activities reported for the District.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

## Waco Independent School District

### Notes to the Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's non-fiduciary activities with most of the interfund activities removed. Transactions among governmental funds and between governmental funds and proprietary funds appear as due to/due from other funds on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other financing sources and uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. Interfund services provided and used are not eliminated in the consolidation of funds for the Statement of Activities. All interfund transactions that do not represent services provided and used between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as receivables and payables on the government-wide Statement of Net Position.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements, these amounts are reported as transfers in/transfers out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include amounts paid by organizations outside the District that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items, not properly included among program revenues, are reported instead as general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a specific function. Depreciation expense is specifically identified by function and is included in the direct expense to each function.

### C. Fund Financial Statements

The District's accounts are organized into funds, each of which is considered to be a separate accounting unit. The operations of each fund are accounted for through a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, deferred outflows/inflows of resources, equity, revenues, and expenditures or expenses.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. In accordance with the provisions of GASB Statement No. 34, the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds or funds of special interest are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds or governmental funds of special interest:

*General fund* – The general fund is the District's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund. The general fund is always considered a major fund for reporting purposes.

*Debt service fund* – The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on all long-term debt of the District. The primary source of revenue is local property taxes specifically for debt service.

## Waco Independent School District

### Notes to the Financial Statements

*Capital Projects Fund* – The capital projects fund is used to account for proceeds from the sales of bonds and other financial resources that are for capital outlays, including acquiring, constructing, renovating and equipping of District facilities.

*CRRSA ESSER II* – The CRRSA ESSER II fund accounts for federal stimulus ESSER II funds granted to the District through the CRRSA Act that supports the District's ability to operate, instruct its students, address learning loss, and improve air quality in school buildings during the COVID-19 pandemic. The CRRSA ESSER II fund does not have a budget legally adopted by the board of trustees.

The District reports the following nonmajor governmental funds:

*Special revenue funds* – Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. Funds include campus activity funds and all federal, state, and locally funded grants.

The District reports the following proprietary fund type:

*Internal service fund* - Revenues and expenses related to services provided to segments of the District on a cost reimbursement basis are accounted for in an internal service fund. The District's internal service fund accounts for health insurance, workers' compensation and unemployment claims coverage provided to other departments of the District as well as claims administration.

The District reports the following fiduciary fund type:

*Custodial fund* - The District accounts for resources held for others in a custodial capacity in a custodial fund. These funds are used to account for assets held by the District as an agent for student and other organizations. Custodial funds report fiduciary activities that are not held in a trust.

The fund financial statements provide information about the District's funds, including its fiduciary fund and blended component unit. The fund financial statements report on the financial condition and results of operations for each fund category – governmental, proprietary, and fiduciary. The emphasis of fund financial statements is on major governmental funds. Each major individual governmental fund is reported as a separate column in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are assessments to other funds for health insurance, workers' compensation and unemployment coverage. Operating expenses for the internal service fund includes cost of claims and administration. Because internal service funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid inflating the revenues and expenses of the District as a whole.

Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements.

## Waco Independent School District

### Notes to the Financial Statements

#### D. Basis of Accounting and Measurement Focus

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements use the *economic resources* measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements use the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues available if they are collected within 60 days of the end of the current fiscal period.

Grant revenues and contributions are recorded as revenues when the qualifying expenditures have been incurred and eligibility requirements are met. Grant funds received in advance are recorded as unearned revenue until earned. Contributions received with purpose restrictions are recorded as revenue and the related fund balance is restricted until restrictions are satisfied. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount. Amounts reported as program revenues include operating grants and contributions, food service user charges, rental charges, and tuition. The District also recognized revenues for the state's share of the contributions to the Teacher Retirement System of Texas.

Internally dedicated resources are reported as general revenues rather than as program revenues. General revenues include all taxes and state revenues identified as available school fund and formula. The TEA, through its application of state law, allocates state revenues to school districts by formula allocation. The District receives a per capita allocation from the Available School Fund and a foundation school program allocation. Other state revenues are received through miscellaneous programs on an allocated basis. Property taxes, charges for services, and other miscellaneous revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures are generally recognized in the accounting period in which the liability is incurred. However, debt service expenditures are recorded only when matured and payment is due. Expenditures related to claims and judgments are recognized when the obligations are expected to be liquidated with expendable, available financial resources. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Grant and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The proprietary and custodial funds are reported using the *economic resources* measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund's Statement of Net Position.

## Waco Independent School District

### Notes to the Financial Statements

#### **E. Implementation of New Accounting Standards**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset - and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments; and 4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, with earlier application encouraged. GASB 96 was implemented in the District's fiscal year 2023 financial statements with no impact to amounts previously reported.

GASB Statement No. 91, *Conduit Debt Obligations* (GASB 91), provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2020; however, issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), extended the effective date of GASB 91 to reporting periods beginning after December 15, 2021, with earlier application encouraged. GASB 91 was implemented in the District's fiscal year 2023 financial statements with no impact to amounts previously reported.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94), improves financial reporting by addressing issues related to public-private and public-public partnership arrangements and provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, with earlier application encouraged. GASB 94 was implemented in the District's fiscal year 2023 financial statements with no impact to amounts previously reported.

#### **F. Use of Estimates**

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### **G. Data Control Codes**

The Data Control Codes refer to the account code structure prescribed by TEA in the Resource Guide. The TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide data base for policy development and fiscal planning.

#### **H. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

##### **1. Cash, Cash Equivalents, and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, negotiable certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition. All investments in pools are considered cash equivalents.

Investments can consist of non-negotiable certificates of deposit, U.S. Treasury instruments, U.S. Government agency obligations, commercial paper, investments in government sponsored enterprises, repurchase agreements, and obligations of Texas and other states, and their political subdivisions.

## **Waco Independent School District**

### Notes to the Financial Statements

Investments for the District, except for certain investment pools and non-negotiable certificates of deposit, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or net asset value, i.e., fair value. Fair value is determined by the amount by which a financial instrument could be exchanged in a current transaction between willing parties. Non-negotiable certificates of deposit are reported at cost. The District accrues interest on temporary investments based on the terms and effective interest rates of the investment.

#### **2. Property Taxes**

Property taxes are levied by October 1 on the assessed value as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when collected.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off according to the Texas Property Tax Code.

#### **3. Interfund Receivables and Payables**

Advances between funds, as reported in the fund financial statements, are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations. Such balances are eliminated within the governmental activities for the government-wide financial statements.

#### **4. Inventories and Prepaid Items**

The District generally reports inventories of supplies using the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased, except for food supplies in the National School Breakfast and Lunch fund, which is reported as an expenditure when purchased. Inventories of food commodities are recorded at fair values by the food service management company. The value of all donated foods received for use in the meal service program are credited to the District through the monthly contract billings and reported as a revenue and expenditure when received. Although commodities are received at no cost, their fair value is supplied by the Texas Department of Agriculture.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

#### **5. Capital Assets**

Capital assets, which include land, buildings and improvements, furniture, equipment, and vehicles, infrastructure assets (e.g. sidewalks, curbs, and similar items), right-to-use assets, equipment and right-to-use assets, subscription assets are reported in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building costs and is being depreciated over the same useful life as the building. Capital assets, except for buildings and improvements and infrastructure assets, are generally defined by the District as assets with an initial unit cost of \$5,000 or more and an estimated useful life in excess of one year. Buildings and improvements are capitalized when the cost of such improvements is \$100,000 or more. Likewise, infrastructure assets costing less than \$500,000 are not capitalized.

# Waco Independent School District

## Notes to the Financial Statements

Capital assets are recorded at historical cost or estimated historical cost, if purchased or constructed. The costs of normal maintenance and repairs that do not materially add to the value of the asset or extend the lives of assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Donated capital assets are recorded at acquisition value.

Buildings and improvements, furniture, equipment, and vehicles of the District are depreciated using the straight line method. Right-to-use assets, equipment and right-to-use assets, subscription assets are amortized on a straight-line basis over the life of the lease/subscription. The following chart lays out the estimated useful lives of each asset classification:

Capital Asset Classes	Lives
Buildings	50
Buildings and improvements	6 - 50
Infrastructure	10 - 35
Furniture and equipment	4 - 25
Vehicles	8 - 10
Right-to-use assets, equipment	Shorter of lease term or useful life
Right-to-use assets, subscription assets	Shorter of lease term or useful life

Land and construction in progress are not depreciated/amortized.

### 6. Leases

The District is a lessee for noncancelable leases of equipment. The District recognizes a lease liability and a right-to-use lease asset in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the liability are composed of fixed payments, the purchase option price that the District is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

## Waco Independent School District

### Notes to the Financial Statements

#### **7. Subscription-Based Information Technology Arrangements (SBITAs)**

The District has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The District recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a SBITA, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed-in-substance or that depend on an index or a rate, termination penalties if the District is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The District monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

#### **8. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Accretion of interest on capital appreciation bonds are recorded at the accreted value through the end of the fiscal year.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **9. Deferred Outflows/Inflows of Resources**

*Deferred outflows of resources represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.*

## Waco Independent School District

### Notes to the Financial Statements

*Deferred outflows/inflows of resources are amortized as follows:*

- *Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.*
- *District contributions to the pension and OPEB plans after the measurement date of each plan are recognized in the subsequent year.*
- *Deferred charge on refunding is amortized over the shorter of the life of the refunded or refunding debt.*
- *Property taxes are recognized in the period the amounts become available.*

#### **10. Pensions**

The fiduciary net position of the Teacher Retirement System of Texas (TRS) Pension Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's Pension Plan fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **11. Other Postemployment Benefits (OPEB) Liability**

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

#### **12. Government-wide Net Position**

Net position represents the difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows of resources. The District's net position is composed of the following:

*Net investment in capital assets* – The component of net position that reports capital assets less both the accumulated depreciation/amortization and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvements of these capital assets.

*Restricted for federal and state programs* – The component of net position that reports the difference between assets and liabilities of the federal and state special revenue programs that consists of assets with constraints placed on their use by U.S. Agencies and the Texas Education Agency.

*Restricted for debt service* – The component of net position that reports the difference between assets and liabilities with constraints placed on their use by law.

*Unrestricted* – the component of net position that includes the residual difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources that is not classified in the categories mentioned above.

## Waco Independent School District

### Notes to the Financial Statements

#### **13. Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

#### **14. Governmental Fund Balance Classifications and Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The fund balance in governmental funds has been classified as follows to describe the relative strength of the spending constraints:

*Nonspendable fund balance* – The portion of fund balance that is not expendable or is legally earmarked for a specific use. Nonspendable fund balance reserves may include items such as inventory or prepaid expenses.

*Restricted fund balance* – The portion of fund balance that reflects resources that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors. Restricted fund balances include funds for school breakfast and lunch programs, funds restricted for capital asset acquisition, funds used to retire long-term debt, or resources from granting agencies.

*Committed fund balance* – The portion of fund balance that represents amounts that can only be used for a specific purpose because of a formal action taken by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board takes the same level of action to remove or change the constraint. The commitment of fund balance must be made prior to year-end.

*Assigned fund balance* – The portion of fund balance that represents amounts which the District intends to use for a specific purpose that do not meet the criteria to be classified as restricted or committed. The Board has authorized the administration to assign a portion of the fund balance, not to exceed one percent of the annual operating expenditures, as may be required to meet the financial needs of the District. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself. Assignments can be made at any time.

*Unassigned fund balance* – The portion of the spendable fund balance that is not constrained and may be spent for any legal purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

District policy requires that the general operating fund has a sufficient fund balance to maintain fiscal independence in case of a financial need. The District should maintain an unassigned fund balance of at least 20 percent of the total annual operating expenditures of the general fund. By resolution, the Board may commit a portion of the fund balance for a specific purpose. The committed portion of the fund balance must be spent for the specified purpose and may be amended at any time with Board approval. The amount of any budget deficit approved by the Board shall be categorized as an assignment of fund balance.

## Waco Independent School District

### Notes to the Financial Statements

Encumbrances outstanding at year-end are not reported separately within the fund balance classifications but are reflected in the restricted, committed, or assigned fund balance classifications based on the source of constraints placed upon the resources encumbered. Encumbrances for specific purposes for which amounts have not already been restricted, committed, or assigned are reported as assigned fund balance. Encumbrances are documented by purchase orders and contracts.

In general, it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which restricted and unrestricted (i.e. committed, assigned, or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used after other resources have been used.

#### **I. Revenues and Expenditures/Expenses**

##### **1. Program Revenues**

Amounts reported as *program revenues* include 1) charges to students or users for goods, services, or privileges provided and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and investment income.

##### **2. Property Taxes**

Property values are determined by the County Appraisal District as of January 1 of each year. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

##### **3. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges to the funds and/or employees for self-funded health insurance, workers' compensation and unemployment services. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **Note 2. Stewardship, Compliance, and Accountability**

##### **A. Budgetary Information**

By August 20, the District prepares a proposed budget for the succeeding fiscal year beginning September 1. The proposed budget includes expenditures and the means of financing them. A meeting of the Board of Trustees is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given. Prior to September 1, the budget is legally adopted through passage of a resolution by the Board.

## Waco Independent School District

### Notes to the Financial Statements

The appropriated budget is prepared by fund, function, object, organization, and program intent code as required under the TEA's FASRG. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the function level. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, amendments were necessary during the year. Additionally, the Board approved supplemental budgetary appropriations throughout the year. These revisions are further detailed in the notes to the required supplementary information.

As legally adopted, the District's official budget includes budgets for the general fund, the National School Breakfast and Lunch program, and the debt service fund. Annual budgets are also adopted for the Regional Day School for the Deaf, the McLennan County Challenge Academy, and the Greater Waco Advanced Academies, for which the District acts as fiscal agent.

Although special revenue funds, other than the National School Breakfast and Lunch program and funds previously listed, do not have formally appropriated annual budgets, since other means control the use of these resources (e.g., grant awards and endowment requirements) and may span a period of more than one fiscal year, budgets are prepared for these funds, as well as capital projects funds and the internal services fund, as a management tool to ensure that resources are obtained and used in accordance with other finance-related legal or contractual requirements. Budgets for capital projects fund(s) are appropriated on a project basis. Specific projects are individually authorized by the Board, in compliance with applicable bond covenants, for construction funded from proceeds of long-term debt financing.

#### B. Encumbrances

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed and are used to control expenditures for the year and enhance cash management. The encumbrance account does not represent an expenditure for the period, only a commitment to expend resources.

Prior to year-end, every effort is made to liquidate outstanding encumbrances. Encumbrances for open purchase orders or contracts outstanding at the end of the fiscal year are usually honored by the District. If the District allows encumbrances to lapse, even though it will honor the encumbrance, the appropriations authority expires. Funds for significant encumbrances are reappropriated in the following year's budget. Encumbrances outstanding at year-end are reported in restricted or committed, or assigned fund balances, as appropriate.

At August 31, 2023 certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:	
	Restricted Fund Balance	Committed Fund Balance
General fund	\$ 3,597	\$ 2,518,758
Nonmajor governmental funds	139,054	-
Capital projects fund	157,573,447	-
<b>Total encumbrances</b>	<b>\$ 157,716,098</b>	<b>\$ 2,518,758</b>

## Waco Independent School District

### Notes to the Financial Statements

#### Note 3. Cash and Investments

Deposit and investment transactions of the District are regulated by state statutes through provisions of Chapter 23, Subchapter E, Sections 23.71 through 23.8, The School Depository Act, of the Texas Education Code and other code sections referenced therein and through provisions of the Texas Revised Civil Statutes, Title 47, Articles 2529c and 2548a, regarding security for District funds in Depository Institutions.

In accordance with applicable statutes, the District has a depository contract with an area bank providing for interest rates to be earned on deposited funds and for banking charges incurred as a result of banking services received. Depository contracts have a term of two years, commencing with the start of every odd-numbered fiscal year. Depository contracts are awarded on the basis of competitive bids received from area banks.

The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository bank's agent bank. The pledged securities are in compliance with the Texas Government Code, Chapter 2257, "Collateral for Public Funds", and are sufficient to meet the terms agreed to in the current depository contract. The District's depository agreement with the bank requires an irrevocable standby letter of credit issued in favor of the District by the Federal Home Loan Bank of Dallas.

At August 31, 2023, the combined carrying amount of cash, savings and time deposit accounts recorded with the District's depository financial institution was \$11,531,795. The bank's combined balances totaled \$14,482,923. District funds are insured by full Federal Deposit Insurance Corporation (FDIC) coverage up to \$250,000 for combined demand accounts and \$250,000 for the combined amount of all time and savings accounts with the remaining amount secured by the letter of credit issued in the amount of \$45,000,000. In addition, the following is disclosed regarding coverage of combined cash and certificates of deposit balances on the date of highest deposit:

- Depository bank: Extraco Banks
- Total amount of FDIC coverage at the time of highest combined balance was \$250,000

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The Texas Education Code (TEC) and the Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code and the District's investment policies, regulate deposits and investment transactions of the District.

The TEC authorizes the District to place the proceeds from debt issues in properly secured or collateralized interest bearing time deposits with any Texas state or national bank having federal depository insurance coverage for depositors or directly in bonds or other obligations of the United States or U.S. Agency securities. TEC requirements prohibit the District from investing debt issue proceeds in interest-bearing time deposits that have any risk of original invested principal loss.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers' acceptances; (7) mutual funds; (8) investment pools; (9) guaranteed investment contracts; (10) and common trust funds.

The PFIA requires an annual review and approval of investment policies and practices. The review disclosed that in this area of investment practices, management reports, and establishment of appropriate policies, the District materially adhered to the requirements of the PFIA.

## Waco Independent School District

### Notes to the Financial Statements

For fiscal year 2023, the District invested in certificates of deposits (direct purchase bank issue and brokered) and other FDIC insured deposits, commercial paper, public funds investment pools, and money market funds.

In accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, certain District investments have been recorded at fair value based upon quoted market prices as of August 31, 2023 with the increase or decrease in fair value being recorded as a component of earnings on investments. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

# Waco Independent School District

## Notes to the Financial Statements

As of August 31, 2023, the District's governmental activities cash and cash equivalents and investments with respective maturities and credit rating are as follows:

	August 31, 2023	Other Observable Inputs (Level 2)	Percent of Total Investments	Weighted Average Maturity (Days)	Rating
<b>Governmental Funds:</b>					
Cash and cash equivalents:					
Cash on hand	\$ 15,030	\$ -	0%	-	Not rated**
Cash in depository	11,531,795	-	3%	-	Not rated**
Certificates of deposit	3,096,000	-	1%	173	Not rated**
Insured Cash Shelter, First National Bank of McGregor	10,449,718	-	3%	-	Not rated**
Insured Cash Shelter, Landing Rock	9,068,090	-	3%	-	Not rated**
Investments measured at amortized cost, not subject to level reporting:					
Investment pools:					
Lone Star - government overnight fund	133,841,686	-	37%	18	AAAm*
TexPool	6,125,599	-	2%	23	AAAm*
TexasDAILY	82,499,517	-	23%	36	AAAmf*
Investments measured at Net Asset Value (NAV), not subject to level reporting:					
Investment pools:					
Lone Star - corporate overnight plus fund	1,059,948	-	0%	44	AAAf/S1+*
TexasCLASS	83,489,362	-	23%	40	AAAm*
TexasTERM fixed rate, fixed term	17,193,777	-	5%	162	AAAf*
<b>Total cash and cash equivalents</b>	<b>358,370,522</b>	<b>-</b>	<b>100%</b>		
Investments:					
Investments measured at fair value, subject to level reporting:					
FHLMC	995,940	995,940	0%	257	AA+*
<b>Total value</b>	<b>\$ 359,366,462</b>	<b>\$ 995,940</b>	<b>100%</b>		
<b>Portfolio weighted average maturity</b>				34	
	August 31, 2023	Other Observable Inputs (Level 2)	Percent of Total Investments	Weighted Average Maturity (Days)	Rating
<b>Custodial Funds:</b>					
Cash and cash equivalents:					
Certificates of deposit	\$ 6,796	\$ -	0%	810	Not rated**
Certificates of deposit	5,727	-	0%	810	Not rated**
Certificates of deposit	3,559	-	0%	578	Not rated**
<b>Total value</b>	<b>\$ 16,082</b>	<b>\$ -</b>	<b>0%</b>		
<b>Portfolio weighted average maturity</b>				759	

\* Standard & Poor's Rating

\*\* FDIC insured

Investment pools are measured at amortized cost or fair value and are exempt from level reporting. Certificates of deposit are measured at cost.

## Waco Independent School District

### Notes to the Financial Statements

The District purchases certificates of deposit (CD) through direct purchase, issued by depository institutions that have its main office or a branch office in Texas that is guaranteed or insured by the FDIC. The District also purchases CDs through a broker that has its main office or a branch office in this state and selected from a list adopted by the Board of Trustees as required by Government Code 2256.025. These purchase programs include the *Certificate of Deposit Account Registry Services (CDARS)* program and the *Texas TERM CD Purchase Program*. CDs are purchased in principal amounts that, when aggregated with interest to accrue over the term of the CD, will not exceed \$250,000, therefore ensuring that each CD will be insured by the FDIC. The *Texas TERM CD Purchase Program* offers participants competitive rates of return on FDIC-insured investments. The CDs in which a participant invests are direct investments of the participant, are not assets of the Texas TERM Local Government Investment Pool, and are not held in any portfolio of the Pool.

The District holds a number of CDs issued by local depository institutions in its fiduciary capacity over custodial funds. In purchasing the CDs, the District obtains rate quotes from local depository institutions. All deposits are fully covered through FDIC insurance.

Through the *Landing Rock* and *The First National Bank of McGregor*, the District maintains interest-bearing on-demand deposits. These programs invest funds at financial institutions throughout the U.S. The District has entered into agreements with Landing Rock and The First National Bank of McGregor to act in an agent capacity for the programs. Funds in these programs are FDIC insured upon deposit at participating program institutions. Cash deposits are distributed among well capitalized banks in increments of less than \$250,000, the current FDIC insurance limit. Liquidity is at par plus interest, without early withdrawal penalties or fees.

The certificates of deposit and money market funds are deposited in such a manner that maintains full insurance of the funds by the FDIC. Consequently, these amounts are excluded from the fair value hierarchy as they are considered deposits with financial institutions.

Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, a subsidiary of the Texas Association of School Boards, and managed by Mellon Investments Corporation and American Beacon Advisors. State Street Bank and Trust Company is the custodial bank.

TexPool is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Hermes, Inc. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds.

The Texas Range Investment Program "the Pool" was organized as the TexasTERM Local Government Investment Pool in conformity with the State of Texas Interlocal Cooperation Act and is administered by PFM Asset Management, LLC. U.S. Bank serves at the Pool's custodial bank. The Pool operates three separate investment Portfolios, Texas DAILY, Texas DAILY Select and Texas TERM.

The Lone Star Government Overnight, TexPool and TexasDAILY investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less. Investments held are highly rated by a nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions.

## **Waco Independent School District**

### Notes to the Financial Statements

Texas CLASS was created in accordance with the requirements contained in section 2256.016 of the Public Funds Investment Act (PFIA). The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and UMB Bank, N.A. as Custodian.

The Lone Star Corporate Overnight Plus and Texas CLASS investment pools are external investment pools measured at fair value, i.e., their net asset value. Such investment pool's strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. Such investment pools have a redemption notice period of one day and may redeem daily.

These investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium, or national or state emergency that affects the pools' liquidity.

The TexasTERM is a fixed-rate, fixed-term portfolio that enables investors to lock in a fixed rate for a term of 60 days to 365 days. The portfolio is measured at fair value, i.e., net asset value and seeks to assure the return of principal on the planned maturity date, although principal value may fluctuate prior to that date, and therefore may be greater or less than \$1.00 a share. Significant fees may be charged for redemptions prior to the agreed-upon redemption date.

#### **Interest Rate Risk**

In accordance with the District's investment policy, investments are made in a manner that ensures the preservation of capital in the overall portfolio and offsets during a twelve-month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio. The District's investment strategy states that no individual transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio. To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District manages its exposure to declines in fair values by limiting the maturity of its investment portfolio. The term of any collateralized mortgage obligation is limited to ten years, repurchase agreements may not exceed 90 days, bankers' acceptances and commercial paper must have a stated maturity of 270 days or less, no-load money market mutual funds must have a dollar-weighted average stated maturity of 90 days or less, and no-load mutual funds must have an average weighted maturity of less than two years.

#### **Custodial Credit Risk for Deposits**

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All deposits not covered by FDIC insurance but held in the depository bank, Extraco, were fully collateralized.

#### **Custodial Credit Risk for Investments**

To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over for safekeeping with the District's designated agent.

# Waco Independent School District

## Notes to the Financial Statements

### Credit Risk

It is the District's policy to limit its investment in a manner that ensures the preservation of capital in the overall portfolio. Specifically, repurchase agreements must be secured by obligations of the United States or its agencies, commercial paper must be rated not less than 'A-1' or 'P-1', no-load mutual funds must be rated not less than 'AAA' or its equivalent, and public funds investment pools must be continuously rated no lower than 'AAA' or 'AAAm' or at an equivalent rating. The District's investments in local government investment pools (LGIPs) include: Lone Star, Texas Class, Texas DAILY, Texas TERM, and TexPool. These are all public funds investment pools operating in full compliance with the Public Funds Investment Act. With the exception of the Lone Star Corporate Overnight Plus fund and the Texas TERM fixed rate, fixed term investments which are rated 'AAAF', all are rated 'AAAm' by Standard and Poor's.

The net decrease in the fair value of investments during the year ended August 31, 2023, is included in investment earnings as follows:

Investment earnings	\$ 14,785,236
Net increase (decrease) in fair value of investments	<u>(4,060)</u>
Total investment earnings	<u>\$ 14,781,176</u>

### Note 4. Local Revenues and Property Taxes

Local and intermediate sources revenues are comprised of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 77,782,835	\$ 24,610,800	\$ -	\$ -	\$ 102,393,635
Other tax related income	932,418	234,770	-	-	1,167,188
SSA revenue from member districts	82,097	-	-	1,560,144	1,642,241
Tuition and fees	187,843	-	-	1,698,600	1,886,443
Investment income	3,175,136	649,756	10,937,695	22,649	14,785,236
Rental income	131,727	-	-	-	131,727
Gifts and bequests	77,014	-	-	550,934	627,948
Insurance recoveries	880,905	-	-	14,503	895,408
Food sales	-	-	-	535,474	535,474
Extracurricular activities	291,941	-	-	122,146	414,087
Other charges for services	318,720	-	-	442,928	761,648
Other intermediate source revenue	311,722	-	-	656	312,378
<b>Total</b>	<u>\$ 84,172,358</u>	<u>\$ 25,495,326</u>	<u>\$ 10,937,695</u>	<u>\$ 4,948,034</u>	<u>\$ 125,553,413</u>

# Waco Independent School District

## Notes to the Financial Statements

### Property Taxes

Appraisal of property within the District is the responsibility of the McLennan County Appraisal District. The District's ad valorem property tax is levied on October 1 on the assessed value as of the prior January 1 for all real and business personal property located in the District. Taxes are due and payable on receipt of the tax bill. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest imposed. The assessed value of the roll on January 1, 2022 was \$12,047,159,744. After deductions of all exemptions and reductions provided by law, the 2022 tax levy was based on a net taxable value of \$8,415,050,138.

The tax rates assessed for the year ended August 31, 2023, to finance general fund operations and the payment of principal and interest on long-term debt were \$0.94290 and \$0.29897 per \$100 valuation, respectively, for a total rate of \$1.24187 per \$100 valuation. Property tax revenues are considered available when collected. Current tax collections for the fiscal year ended August 31, 2023, were 98.44% of the adjusted tax levy.

All taxes become delinquent on February 1 of the subsequent year. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general and debt service funds are based upon historical experience in collecting property taxes. The District has provided an allowance for estimated uncollectible property taxes and estimated adjustments within the general and debt service funds of \$2,216,808 and \$548,099, respectively.

The Texas Property Tax Code directs tax collectors to cancel and remove from the tax rolls real property taxes that have been delinquent more than 20 years and personal property taxes that have been delinquent more than 10 years. Additionally, the Texas Property Tax Code provides that personal property may not be seized and a suit may not be filed to collect a tax on personal property that has been delinquent more than four years. Approximately 66% of the remaining levy is not expected to be collected in the subsequent year.

### Note 5. Unearned Revenue

Governmental funds report unearned revenue in connection with receivables for revenues that are considered to be unavailable to liquidate liabilities in the current period or in connection with resources that have been received, but not yet earned.

A summary of unearned revenue by fund follows:

	Unearned Revenue
General fund	
Cross country entry fees received prior to event and FY2024 PreK tuition received	\$ 10,685
Other governmental funds	
Payments to fiscal agent received in excess of expenditures	517,628
Grant funds received prior to meeting eligibility requirements	179,679
<b>Total</b>	<b>\$ 707,992</b>

# Waco Independent School District

## Notes to the Financial Statements

### Note 6. Interfund Balances and Transfers

Interfund balances result from the time lag between the dates that reimbursable expenditures occur and payments between funds are made. The interfund receivable and payable between the general fund and nonmajor governmental funds occurs when expenditures take place before the reimbursement is received from the granting agency. The interfund balances between the general fund and the capital projects, debt service, and internal services funds occur due to payments made from the general fund operating account on behalf of these funds. The interfund balances between the internal services fund and the general and nonmajor governmental funds occur due to the recording of health insurance, workers' compensation and unemployment liabilities recorded but not yet funded.

Interfund balances at August 31, 2023, consisted of the following:

Funds	Interfund Receivables	Interfund Payables
General fund	\$ 11,923,012	\$ 3,377,985
Debt Service fund	-	31,653
Capital Projects Fund	510,908	-
CRRSA ESSER II	-	7,774,079
Nonmajor governmental funds	857,809	4,317,663
Internal Service fund	2,209,651	-
<b>Totals</b>	<b>\$ 15,501,380</b>	<b>\$ 15,501,380</b>

Operating transfers take place without an equivalent flow of assets back to the transferring fund with no expectation of repayment. In the year ended August 31, 2023, operating transfers were made between the following funds:

Transfer Out	Transfers In	Amount
General Fund	Nonmajor Fund	\$ 355,803

During the fiscal year ended August 31, 2023 the District made a single one time transfer to transfer the amount of \$355,803 from the General Fund to a non-major Special Revenue Fund to cover the operating deficit for the Greater Waco Advanced Academy Fund.

**Waco Independent School District**  
Notes to the Financial Statements

**Note 7. Capital Assets**

Capital asset activity for the District for the year ended August 31, 2023 was as follows:

	Beginning Balance	Additions	Retirements, Transfers, and Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 11,217,629	\$ -	\$ -	\$ 11,217,629
Construction in progress	18,615,095	118,570,149	(1,104,164)	136,081,080
<b>Total capital assets, not being depreciated/amortized</b>	<b>29,832,724</b>	<b>118,570,149</b>	<b>(1,104,164)</b>	<b>147,298,709</b>
Capital assets, being depreciated/amortized:				
Buildings and improvements	287,817,705	14,066,928	(6,239,289)	295,645,344
Furniture, equipment and vehicles	37,604,798	3,437,212	(284,691)	40,757,319
Right-to-use assets, equipment	1,339,520	126,194	(229,604)	1,236,110
Right-to-use assets, subscription assets*	161,727	962,216	-	1,123,943
<b>Total capital assets, being depreciated/amortized</b>	<b>326,923,750</b>	<b>18,592,550</b>	<b>(6,753,584)</b>	<b>338,762,716</b>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(130,995,269)	(11,422,313)	3,490,441	(138,927,141)
Furniture, equipment and vehicles	(29,725,628)	(2,186,557)	269,111	(31,643,074)
Right-to-use assets, equipment	(307,509)	(292,940)	229,218	(371,231)
Right-to-use assets, subscription assets*	-	(222,415)	-	(222,415)
<b>Total accumulated depreciation/amortization</b>	<b>(161,028,406)</b>	<b>(14,124,225)</b>	<b>3,988,770</b>	<b>(171,163,861)</b>
<b>Total capital assets, being depreciated/amortized, net</b>	<b>165,895,344</b>	<b>4,468,325</b>	<b>(2,764,814)</b>	<b>167,598,855</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 195,728,068</b>	<b>\$ 123,038,474</b>	<b>\$ (3,868,978)</b>	<b>\$ 314,897,564</b>

\* Right-to-use assets, subscription assets have been adjusted to reflect a beginning balance upon adoption of GASB 96.

## Waco Independent School District

### Notes to the Financial Statements

Depreciation/amortization expense of the governmental activities for the year ended August 31, 2023 was charged to the functions as follows:

Governmental activities:		
11	Instruction	\$ 10,174,501
12	Instructional resources and media services	168,522
13	Curriculum and instructional staff development	9,895
21	Instructional leadership	105,752
23	School leadership	88,897
31	Guidance, counseling, and evaluation services	38,143
33	Health services	37,361
34	Student transportation	528,762
35	Food services	815,416
36	Extracurricular activities	924,468
41	General administration	113,947
51	Plant maintenance and operations	500,537
52	Security and monitoring services	227,096
53	Data processing services	361,552
61	Community services	29,376
		<hr/>
	<b>Total depreciation/amortization expense</b>	<b>\$ 14,124,225</b>
		<hr/> <hr/>

The District has active construction projects as of August 31, 2023. The projects include the construction and equipment of school facilities. At year-end, the District's active commitments with contractors are as follows:

Project	Remaining Commitment
<hr/>	<hr/>
HVAC Renovation/Replacement Project	\$ 1,029,863
Waco High School Rebuild	112,355,708
Tennyson Middle School Rebuild	43,713,738
G. W. Carver Replacement	474,138
	<hr/>
<b>Total</b>	<b>\$ 157,573,447</b>
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### Note 8. Long-term Liabilities

The District's long-term liabilities consist of bonded indebtedness, leases payable, subscriptions payable, net pension liability and net other postemployment benefits liability. The current requirements for general obligation bonds principal and interest are accounted for in the debt service fund. The current requirements for leases, subscriptions and revenue bonds are accounted for in the general fund. The current requirements for the net pension liability and net other postemployment benefits liability are accounted for in the general and special revenue funds.

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

# Waco Independent School District

## Notes to the Financial Statements

### Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2023, was as follows:

	Beginning Balance	Additions and (Provision Adjustment)	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds, par	\$ 310,660,000	\$ 151,340,000	\$ (8,335,000)	\$ 453,665,000	\$ 4,385,000
Premiums	23,028,069	5,040,305	(1,734,788)	26,333,586	-
Accumulated accretion	9,690,218	74,062	(915,000)	8,849,280	-
Total bonds payable, net	343,378,287	156,454,367	(10,984,788)	488,847,866	4,385,000
Leases payable	1,027,098	126,194	(282,329)	870,963	179,359
Subscriptions payable*	161,727	886,348	(364,608)	683,467	293,722
Net pension liability	23,898,364	39,939,066	(4,651,991)	59,185,439	-
Net OPEB liability	47,362,589	3,892,727	(20,226,734)	31,028,582	-
<b>Governmental activities long-term liabilities</b>	<b>\$ 415,828,065</b>	<b>\$ 201,298,702</b>	<b>\$ (36,510,450)</b>	<b>\$ 580,616,317</b>	<b>\$ 4,858,081</b>

\* Subscriptions payable has been adjusted to reflect a beginning balance upon adoption of GASB 96.

### General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities and to refund general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These are issued as current interest bonds, serial or term bonds, or capital appreciation bonds (CAB). Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond indenture. The \$453,665,000 in outstanding general obligation bonds and related liabilities comprises debt backed by the full faith of the State of Texas Permanent School Fund.

The following is a summary of changes in the general obligation bonds for the fiscal year:

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2014 (CAB)	2.70%	150,000	2023	\$ 150,000	\$ -	\$ (150,000)	\$ -
2015 REF	2.00% - 5.00%	96,730,000	2023	3,590,000	-	(3,590,000)	-
2016 REF	2.00% - 5.00%	47,120,000	2030	14,290,000	-	(2,125,000)	12,165,000
2021 REF	1.44% - 5.00%	105,915,000	2038	102,305,000	-	-	102,305,000
2021 (CAB)	0.46% - 0.73%	825,000	2025	825,000	-	(155,000)	670,000
2022 U/L SBB	0.46% - 0.73%	825,000	2052	189,500,000	-	(630,000)	188,870,000
2022B U/L SBB	4.00% - 5.00%	72,885,000	2052	-	72,885,000	(1,685,000)	71,200,000
2023 U/L SBB	4.00% - 5.00%	78,455,000	2053	-	78,455,000	-	78,455,000
<b>Totals</b>				<b>\$ 310,660,000</b>	<b>\$ 151,340,000</b>	<b>\$ (8,335,000)</b>	<b>\$ 453,665,000</b>

## Waco Independent School District

### Notes to the Financial Statements

General obligation bonds mature serially and the capital appreciation bonds accrete in value through 2025. Debt service requirements for general obligation bonds are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2024	\$ 4,385,000	\$ 21,510,220	\$ 25,895,220
2025	5,240,000	20,691,492	25,931,492
2026	10,250,000	15,855,742	26,105,742
2027	10,745,000	15,361,892	26,106,892
2028	11,285,000	14,824,642	26,109,642
2029 - 2033	64,365,000	66,177,153	130,542,153
2034 - 2038	74,045,000	56,509,927	130,554,927
2039 - 2043	80,555,000	44,636,175	125,191,175
2044 - 2048	96,665,000	28,129,075	124,794,075
2049 - 2053	96,130,000	9,059,712	105,189,712
<b>Totals</b>	<b>\$ 453,665,000</b>	<b>\$ 292,756,030</b>	<b>\$ 746,421,030</b>

#### Defeased Debt

In prior years, the District defeased certain outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the respective trust account assets and related liabilities for the defeased bonds are not included in the District's financial statements.

At year end, the following outstanding bonds are considered defeased:

Series	Balance at August 31, 2023
Unlimited Tax Refunding Bonds, Series 2015	\$ 77,250,000
Unlimited Tax Refunding Bonds, Series 2016	22,940,000
<b>Total</b>	<b>\$ 100,190,000</b>

A portion of the bonds sold in 2014 and 2021 were capital appreciation bonds, commonly referred to as "premium compound interest bonds". These bonds were issued at a discount to their par or maturity value and will accrete interest until maturity. The following reflects the total accreted value of outstanding capital appreciation bonds at August 31, 2023.

Series	Amount Due at Maturity	Amount Received at Issue	Total to be Accreted	Beginning Balance	Current Year Accretion	Additions/ Maturities	Ending Balance
UTRB, Series 2014	\$ 365,000	\$ 150,000	\$ 215,000	\$ 205,341	\$ 9,659	\$ (215,000)	\$ -
UTRB, Series 2021	10,470,000	825,000	9,645,000	9,484,877	64,403	(700,000)	8,849,280
<b>Total</b>	<b>\$ 10,835,000</b>	<b>\$ 975,000</b>	<b>\$ 9,860,000</b>	<b>\$ 9,690,218</b>	<b>\$ 74,062</b>	<b>\$ (915,000)</b>	<b>\$ 8,849,280</b>

There are a number of limitations and restrictions contained in the general obligation bond indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2023. The District's interest and sinking (I&S) ad valorem tax rate is subject to a \$0.50 tax rate cap limitation. The District's I&S tax rate for the 2022 tax year was \$0.298969.

## Waco Independent School District

### Notes to the Financial Statements

As of August 31, 2023 the District had no authorized but unissued bonds remaining from the November 2, 2021 bond election.

#### Federal Arbitrage

The Federal Tax Reform Act of 1986 enacted section 148(f) in the Internal Revenue Code, relating to arbitrage rebate requirements, which generally provides that, in order for interest on any issue of obligation to be excluded from gross income, the issuer must rebate to the United States the sum of (1) the excess of the amount earned on all "non-purpose investments" acquired with "gross proceeds" of the issue over the amount which would have been earned if such investments had been invested at a yield equal to the yield on the issue, and (2) the earnings on such excess earnings.

The Act requires issuers of tax-exempt debt to make payments to the U.S. Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due.

The District estimates and updates its liability annually for all tax-exempt issuances, as required by law. As of August 31, 2023, the District had an arbitrage rebate liability of \$608,194, recorded as due to other governments.

#### Leases Payable

The District has entered into multiple lease agreements as lessee. The leases allow the right-to-use copiers and dark fiber over the term of the lease.

The District has executed various lease agreements for copiers with various maturity dates. The interest rate on the copiers is based on the District's computed incremental borrowing rate, running between 0.185% and 2.676%, depending on the length of the lease. The leases require monthly fixed payments totaling \$192,818 for the fiscal year ended August 31, 2023.

The District also executed a lease agreement to provide fiber-optic infrastructure through dark fiber. The lease was executed effective August 1, 2020 requiring monthly payments of \$8,850 through July 31, 2030. Lease payments for the fiscal year ended August 31, 2023 totaled \$97,876. The interest rate of 1.095% is based on the computed incremental borrowing rate.

The right-to-use assets, equipment are included in the schedule of capital assets activity. The schedule of principal and interest requirements to maturity is as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2024	\$ 179,359	\$ 9,680	\$ 189,039
2025	139,860	7,713	147,573
2026	133,542	5,796	139,338
2027	113,483	4,015	117,498
2028	103,381	2,819	106,200
2029 - 2030	201,338	2,212	203,550
<b>Totals</b>	<b>\$ 870,963</b>	<b>\$ 32,235</b>	<b>\$ 903,198</b>

The value of the right-to-use assets equipment as of the end of the current fiscal year was \$1,236,110 and had accumulated amortization of \$371,231.

# Waco Independent School District

## Notes to the Financial Statements

### Subscriptions Payable

The District has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The District is required to make annual payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs, running between 2.0237% and 3.305%, depending on the length of the subscription.

The right-to-use assets, subscription assets are included in the schedule of capital assets activity. The schedule of principal and interest requirements to maturity is as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2024	\$ 293,722	\$ 19,028	\$ 312,750
2025	248,563	11,424	259,987
2026	87,942	4,437	92,379
2027	53,240	1,760	55,000
<b>Totals</b>	<b>\$ 683,467</b>	<b>\$ 36,649</b>	<b>\$ 720,116</b>

The value of the right-to-use assets, subscription assets as of the end of the current fiscal year was \$1,123,943 and had accumulated amortization of \$222,415.

### Note 9. Fund Balance

#### Committed Fund Balance

The other committed fund balance in the governmental funds consists of the following:

	General Fund	Nonmajor Funds
Open purchase orders	\$ 2,677,486	\$ -
Salary and benefit costs - 14 dyslexia specialists	960,248	-
Texas Workforce Commission Apprenticeship Training	-	15,715
Campus activity funds	-	641,837
<b>Total other committed fund balance</b>	<b>\$ 3,637,734</b>	<b>\$ 657,552</b>

## Waco Independent School District

### Notes to the Financial Statements

#### Note 10. Pension Obligations Under Defined Benefit Retirement Plan

##### Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS) and is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

##### Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at [http://www.trs.texas.gov/Pages/about\\_archive\\_acfr.aspx](http://www.trs.texas.gov/Pages/about_archive_acfr.aspx) ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

##### Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity, except for members who are grandfathered where the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan Description above.

##### Contributions

Contribution requirements are established or amended pursuant to Article XVI, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

# Waco Independent School District

## Notes to the Financial Statements

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2023	2022
Member	8.00%	8.00%
Non-employer contributing entity (State)	8.00%	7.75%
Employers (District)	8.00%	7.75%

The contribution amounts for the District's fiscal year 2023 are as follows:

District contributions	\$ 5,020,361
Member contributions	9,052,127
NECE on-behalf contributions (State)	5,432,579

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during the fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment-after-retirement surcharge.
- Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.7% of the member's salary beginning in fiscal year 2022, gradually increasing to 2.0% in fiscal year 2025.

## Waco Independent School District

### Notes to the Financial Statements

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2023, the District reported a liability of \$59,185,439 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 59,185,439
State's proportionate share of the net pension liability associated with the District	<u>71,526,993</u>
<b>Total</b>	<u><u>\$ 130,712,432</u></u>

The net pension liability was measured as of August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2021 rolled forward to August 31, 2022. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At the measurement date of August 31, 2022, the District's proportion of the collective net pension liability was 0.0996935% which was an increase of 0.0058510% from its proportion measured as of August 31, 2021.

For the fiscal year ended August 31, 2023, the District recognized pension expense of \$13,980,313 and revenue of \$6,837,170 for support provided by the State.

At August 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 858,184	\$ 1,290,355
Changes of assumptions	11,028,174	2,748,529
Difference between projected and actual earnings on pension plan investments	5,847,332	-
Changes in proportion and differences between District's contributions and the proportionate share of contributions	2,510,658	695,679
District contributions paid subsequent to the measurement date	<u>5,020,361</u>	<u>-</u>
<b>Totals</b>	<u><u>\$ 25,264,709</u></u>	<u><u>\$ 4,734,563</u></u>

**Waco Independent School District**

Notes to the Financial Statements

\$5,020,361 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending August 31,	
2024	\$ 3,883,511
2025	2,188,297
2026	1,011,921
2027	7,202,509
2028	<u>1,223,547</u>
<b>Total</b>	<u><u>\$ 15,509,785</u></u>

**Actuarial Methods and Assumptions**

The actuarial valuation of the total pension liability was performed as of August 31, 2021. Update procedures were used to roll forward the total pension liability to August 31, 2022 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.00%
Long-term expected rate of return	7.00%
Municipal bond rate as of August 2022	3.91%. Source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in projection period (100 years)	2121
Inflation	2.30%
Salary increases	2.95% to 8.95% including inflation
Ad hoc postemployment benefit changes	None
Active mortality rates	The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2021 and adopted in July 2022.

## Waco Independent School District

### Notes to the Financial Statements

#### Discount Rate and Long-term Expected Rate of Return

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the rates set by the legislature in the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2022 are summarized below:

Asset Class	Target Allocation**	Long-term Expected Geometric Real Rate of Return***	Expected Contribution to Long-term Portfolio Returns
Global equity:			
U.S.	18.00%	4.60%	1.12%
Non-U.S. developed	13.00%	4.90%	0.90%
Emerging markets	9.00%	5.40%	0.75%
Private equity*	14.00%	7.70%	1.55%
Stable value:			
Government bonds	16.00%	1.00%	0.22%
Absolute return*	-	3.70%	-
Stable value hedge funds	5.00%	3.40%	0.18%
Real return:			
Real estate	15.00%	4.10%	0.94%
Energy, natural resources and infrastructure	6.00%	5.10%	0.37%
Commodities	-	3.60%	-
Risk parity:			
Risk parity	8.00%	4.60%	0.43%
Asset allocation leverage:			
Cash	2.00%	3.00%	0.01%
Asset allocation leverage	-6.00%	3.60%	-0.05%
Inflation expectation			2.70%
Volatility drag****			-0.91%
<b>Total</b>	100.00%		8.21%

\* Absolute return includes credit sensitive investments.

\*\* Target allocations are based on the FY 2022 policy model.

\*\*\* Capital market assumptions come from Aon Hewitt (as of 8/31/2022).

\*\*\*\* The volatility drag results from the conversion between arithmetic and geometric mean returns.

# Waco Independent School District

## Notes to the Financial Statements

### Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of the TRS net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 92,070,103	\$ 59,185,439	\$ 32,530,876

### Changes of Assumptions Since the Prior Measurement Date

New assumptions were adopted in conjunction with an actuarial experience study since the prior measurement date that affected measurement of the total pension liability during the measurement period. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

### Change of Benefit Terms Since the Prior Measurement Date

There were no changes of benefit terms since the prior measurement date that affected measurement of the total pension liability during the measurement period.

## Note 11. Defined Other Postemployment Benefit Plan

### Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRSCare). It is a multiple-employer, cost-sharing defined Other Postemployment Benefit (OPEB) plan that has a special funding situation. TRS-Care was established in 1986 by the Texas Legislature and is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees in accordance with the Texas Insurance Code, Chapter 1575. The Board may adopt rules, plans, procedures and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

### OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [http://www.trs.texas.gov/Pages/about\\_archive\\_acfr.aspx](http://www.trs.texas.gov/Pages/about_archive_acfr.aspx) ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

### Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic postemployment benefit changes; including automatic cost of living adjustments (COLAs). The Board of Trustees of TRS is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052.

# Waco Independent School District

## Notes to the Financial Statements

The premium rates for retirees are reflected in the following table:

TRS-Care Monthly Premium Rates

	Medicare	Non-medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

### Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2023	2022
Active employee	0.65%	0.65%
Non-employer contribution entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

\*Contributions paid from federal funds and private grants are remitted by the employer (District) and paid at the State rate.

The contribution amounts for the District's fiscal year 2023 are as follows:

District contributions	\$ 1,087,532
Member contributions	735,487
NECE on-behalf contributions (State)	1,231,851

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay TRS-Care a monthly surcharge of \$535 per retiree.

The State of Texas also contributed \$606,148, \$470,259 and \$478,968 in 2023, 2022, and 2021, respectively, for on-behalf payments for Medicare Part D.

## Waco Independent School District

### Notes to the Financial Statements

TRS-Care received a supplemental appropriation from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19 related health care costs during fiscal year 2022.

#### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

On August 31, 2023, the District reported a liability of \$31,028,582 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided by the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows:

District's proportionate share of the net OPEB liability	\$ 31,028,582
State's proportionate share of the net OPEB liability associated with the District	<u>37,849,996</u>
<b>Total</b>	<u><u>\$ 68,878,578</u></u>

The net OPEB liability was measured as of August 31, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as August 31, 2021 rolled forward to August 31, 2022. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At the measurement date of August 31, 2022, the employer's proportion of the collective net OPEB liability was 0.1295881% which was an increase of 0.0068059% from its proportion measured as of August 31, 2021.

For the fiscal year ended August 31, 2023, the District recognized net OPEB revenue of \$(9,698,579) due to recognition of deferred inflows in excess of deferred outflows and current year expense. OPEB revenue of \$(5,371,220) was recognized for support provided by the State.

On August 31, 2023, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,725,079	\$ 25,849,594
Changes of assumptions	4,726,268	21,556,813
Difference between projected and actual earnings on OPEB plan investments	92,426	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	4,515,219	4,092,227
District contributions paid subsequent to the measurement date	<u>1,087,532</u>	<u>-</u>
<b>Totals</b>	<u><u>\$ 12,146,524</u></u>	<u><u>\$ 51,498,634</u></u>

## Waco Independent School District

### Notes to the Financial Statements

\$1,087,532 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (income) as follows:

Year Ending August 31,	
2024	\$ (7,863,828)
2025	(7,863,493)
2026	(6,547,680)
2027	(4,766,296)
2028	(4,739,069)
Thereafter	<u>(8,659,276)</u>
<b>Total</b>	<b><u>\$ (40,439,642)</u></b>

#### Actuarial Methods and Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2021. Update procedures were used to roll forward the total OPEB liability to August 31, 2022.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

<u>Demographic Assumptions</u>	<u>Economic Assumptions</u>
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	
Rates of disability	

See Note 10 for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2018.

The initial medical trend rates were 8.25% for Medicare retirees and 7.25% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

**Waco Independent School District**

Notes to the Financial Statements

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Actuarial cost method	Individual entry age normal
Single discount rate	3.91%
Aging factors	Based on plan specific experience
Election rates	Normal retirement: 62% participation prior to age 65 and 25% after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc postemployment benefit changes	None

**Discount Rate**

A single discount rate of 3.91% was used to measure the total OPEB liability at August 31, 2022. This was an increase of 1.96% in the discount rate since the August 31, 2021 measurement date. The plan is essentially a "pay-as-you-go" plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current plan members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2022.

**Sensitivity Analysis of Rates**

Discount Rate

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (3.91%) in measuring the net OPEB liability.

	1% Decrease (2.91%)	Current Discount Rate (3.91%)	1% Increase (4.91%)
	<hr/>	<hr/>	<hr/>
District's proportionate share of the net OPEB liability	\$ 36,585,159	\$ 31,028,582	\$ 26,527,042

## Waco Independent School District

### Notes to the Financial Statements

#### Healthcare Cost Trend Rates

The following table presents the District's proportionate share of net OPEB liability using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 25,567,692	\$ 31,028,582	\$ 38,107,924

#### **Change of Assumptions Since the Prior Measurement Date**

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased the total OPEB liability.
- Lower participation rates and updates to the health care trend rate assumptions were also factors that decreased the total OPEB liability.

#### **Change of Benefit Terms Since the Prior Measurement Date**

There were no changes in benefit terms since the prior measurement date.

#### **Note 12. Compensated Absences**

It is the District's policy to permit some employees to accumulate earned, but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

#### **Note 13. Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. There were no significant reductions in insurance coverage from the prior year. The District purchases commercial insurance to cover general liabilities. There have been no claim settlements in excess of insurance coverage in the last three years.

#### **Health Care Coverage**

On January 1, 2019, the District established a self-funded health insurance plan. The District has contracted with Blue Cross Blue Shield to provide administrative services for the health care benefits program and Express-Scripts to provide pharmacy benefits management. Under the plan, employees had a choice of three plans, including two HMO and a high-deductible plan which offers a health savings account (HSA). Health benefit consulting services are contracted from an independent firm.

## Waco Independent School District

### Notes to the Financial Statements

The health benefits plan is accounted for in the Internal Services Fund and is funded through employee and employer contributions. The District makes contributions to cover a portion of the employees' premiums and the employees are required to make contributions to cover their dependents. For the 2023 plan year, the District contributed \$456 per employee, per month. The contracts between the District and the insurer provide terms of coverage and contribution rates. The District obtains stop loss coverage through a third-party insurance company for claims in excess of \$150,000.

The Internal Services Fund charges the General Fund and other funds for the District's portion of premiums for employees whose salaries are charged to those funds. The liability includes actuarially estimated amounts with a 10.0% margin for incurred but not reported claims (IBNR) of \$282,000 in medical claims and \$99,000 in prescription drugs. The following is a reconciliation of changes in the aggregate liabilities for claims for the year ended August 31, 2023:

	2023	2022
Beginning of the year liability	\$ 721,565	\$ 650,318
Current year claims, including changes in estimates	12,944,376	12,250,741
Claims payments	<u>(13,284,941)</u>	<u>(12,179,494)</u>
End of year liability	<u>\$ 381,000</u>	<u>\$ 721,565</u>

#### Workers' Compensation

During the year ended August 31, 2023, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The fund provides statutory workers' compensation benefits to its members' injured employees.

The District participates in the Fund's reimbursable aggregate deductible program. As such, the District is responsible for a certain amount of claims liability as outlined on the member's Contribution and Coverage Summary document. After the member's deductible has been met, the Fund is responsible for additional claims liability.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2022, the Fund carries a discounted reserve of \$50,647,775 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2023, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductible.

The Fund engages the services of independent auditors to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance.

For the 2022-2023 plan year, the excess coverage insurance policy covers any claim in excess of \$680,739. The Fund performs an evaluation of workers' compensation claims submitted incidents occurring prior to August 31, 2023, and has projected open claims and incurred but not reported claims for all years will cost \$228,137. The District has not significantly reduced insurance coverage during the past three years or had settlements which exceeded coverage.

## Waco Independent School District

### Notes to the Financial Statements

The following is a reconciliation of changes in the aggregate liabilities for claims for the last two fiscal years:

	2023	2022
Beginning of the year liability	\$ 300,617	\$ 167,713
Current year claims, including changes in estimates	103,771	336,364
Claims payments	(176,250)	(203,460)
End of year liability	<u>\$ 228,138</u>	<u>\$ 300,617</u>

#### Auto Liability, General Liability, and Legal Liability

During the year ended August 31, 2023, the District participated in the following TASB Risk Management Fund programs:

- Auto liability
- Auto Physical Damage
- Legal liability
- Privacy and Information Security

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability, and Property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2023, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of independent auditors to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance.

#### Note 14. Shared Service Arrangements

##### McLennan County Challenge Academy – Juvenile Justice Alternative Education Program

The District is the fiscal agent for the McLennan County Challenge Academy, a Shared Service Arrangement (SSA) which provides discretionary and mandatory juvenile justice alternative education programs to member districts. All services are provided by the fiscal agent. In addition to State funding, member districts provide funds to the fiscal agent. According to guidance provided in the TEA's Resource Guide, the District has accounted for the fiscal agent's activities for this SSA in a Special Revenue Fund.

# Waco Independent School District

## Notes to the Financial Statements

Expenditures of the SSA are summarized by member district on the following schedule:

Member District	Percent of Students	Allocated Expenditures 446
Axtell	0.82%	\$ 7,040
Bosqueville	0.14%	1,202
Bruceille-Eddy	0.05%	429
China Spring	0.02%	172
Connally	5.39%	46,278
Crawford	0.01%	86
Gholson	2.03%	17,430
La Vega	4.86%	41,728
Lorena	0.13%	1,116
Mart	0.01%	86
McGregor	0.48%	4,121
Midway	0.33%	2,833
Moody	3.89%	33,399
Robinson	6.97%	59,844
Waco	74.32%	638,111
West	0.55%	4,722
<b>Totals</b>	<b>100.00%</b>	<b>\$ 858,597</b>

### Regional Day School for the Deaf

The District is also the fiscal agent for an SSA which provides special education services for the deaf to member districts. All services are provided by the fiscal agent. In addition to State and Federal program revenues, the member districts provide funds to the fiscal agent. According to guidance provided in the TEA's Resource Guide, the District accounts for the fiscal agent's activities of the SSA in a Special Revenue Fund.

Expenditures of the SSA are summarized by member district as follows:

Member District	Percent of Students	Allocated Expenditures 315	Allocated Expenditures 435	Allocated Expenditures 458
Axtell	2.65%	\$ 593	\$ 5,342	\$ 14,872
Connally	4.85%	1,085	9,777	27,219
La Vega	2.65%	593	5,342	14,872
Marlin	11.50%	2,574	23,183	64,540
McGregor	5.31%	1,188	10,704	29,801
Midway	13.26%	2,967	26,731	74,417
Robinson	3.54%	792	7,136	19,867
Waco	52.88%	11,835	106,603	296,771
Waco Charter School	0.88%	197	1,774	4,939
West	2.48%	555	4,999	13,918
<b>Totals</b>	<b>100.00%</b>	<b>\$ 22,379</b>	<b>\$ 201,591</b>	<b>\$ 561,216</b>

## Waco Independent School District

### Notes to the Financial Statements

#### Note 15. Litigation, Commitments and Contingencies

State and Federal Programs -- The District participates in a number of federal award programs. Although the programs have been audited in accordance with the provisions of U.S. Office of Management and Budget Uniform Guidance through August 31, 2023, these programs are still subject to financial and compliance audits by grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects any such amounts to be immaterial.

As of August 31, 2023, the District was party to construction contracts totaling \$286.8 million with a remaining commitment of \$157.6 million including retainage of \$5.9 million.

The District is involved in various claims, including property insurance claims, and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will have no material adverse effect on the District's financial position, results of operations, or liquidity. The property insurance claims include the following:

- On April 19, 2020, the District suffered hail damage to a number of HVAC units throughout the District. The estimated loss was \$1,379,781. Due to supply chain issues, repairs on the damaged units were completed as of August 31, 2023 and final payment on the claim, for \$874,895, was received on September 14, 2023.
- On June 16, 2023, the District sustained damage to a number of roofs throughout the District because of hail damage. The damages are estimated to total \$1,171,514. The deductible on the policy is \$1 million with a \$0.5 million deductible buy down. The District received payment on the deductible buy down on October 26, 2023. Engineering work is in progress for the repairs.

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## **Required Supplementary Information**

**Waco Independent School District**  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual  
General Fund  
For the Fiscal Year Ended August 31, 2023

**Exhibit G-1**

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 83,931,600	\$ 83,944,650	\$ 84,172,358	\$ 227,708
5800	State program revenues	65,954,671	67,637,426	64,417,580	(3,219,846)
5900	Federal program revenues	8,090,727	5,245,682	6,813,855	1,568,173
5020	Total revenues	157,976,998	156,827,758	155,403,793	(1,423,965)
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	88,908,434	89,467,825	83,890,849	5,576,976
0012	Instructional resources and media services	558,313	596,335	519,762	76,573
0013	Curriculum and instructional staff development	4,368,265	4,244,968	3,547,532	697,436
0021	Instructional leadership	4,131,369	4,062,044	3,737,709	324,335
0023	School leadership	10,144,781	10,484,083	10,314,884	169,199
0031	Guidance, counseling, and evaluation services	5,785,954	5,985,878	5,841,750	144,128
0032	Social work services	806,369	817,506	710,533	106,973
0033	Health services	1,501,102	1,523,331	1,503,981	19,350
0034	Student transportation	3,761,600	5,397,248	3,017,192	2,380,056
0036	Extracurricular activities	5,686,449	5,801,287	5,540,513	260,774
0041	General administration	7,323,927	7,452,032	6,693,187	758,845
0051	Plant maintenance and operations	17,617,917	19,768,116	17,722,139	2,045,977
0052	Security and monitoring services	2,765,386	3,516,730	3,308,214	208,516
0053	Data processing services	4,289,383	3,646,355	3,514,925	131,430
0061	Community services	487,519	685,140	633,543	51,597
Debt service:					
0071	Principal on long-term debt	310,000	740,911	646,937	93,974
0072	Interest on long-term debt	35,000	39,160	17,225	21,935
Capital outlay:					
0081	Facilities acquisition and construction	-	809,668	466,331	343,337
Intergovernmental:					
0093	Payments related shares services arrangements	345,000	414,911	299,000	115,911
0095	Payments to juvenile justice alternative education programs	650,000	670,000	601,613	68,387
0097	Payments to tax increment fund	25,000	25,000	787	24,213
0099	Other intergovernmental charges	808,424	832,984	832,484	500
6030	Total expenditures	160,310,192	166,981,512	153,361,090	13,620,422
1100	Excess (deficiency) of revenues over (under) expenditures	(2,333,194)	(10,153,754)	2,042,703	12,196,457
<b>OTHER FINANCING SOURCES (USES)</b>					
7912	Sale of real and personal property	-	-	41,994	41,994
7913	Issuance of right-to-use leased and subscription assets	-	1,423,500	1,012,541	(410,959)
8911	Transfers out	(1,030,292)	(1,030,292)	(355,803)	674,489
7080	Total other financing sources (uses)	(1,030,292)	393,208	698,732	305,524
1200	Net change in fund balance	(3,363,486)	(9,760,546)	2,741,435	12,501,981
0100	Fund balance - beginning	55,253,929	55,253,929	55,253,929	-
3000	<b>FUND BALANCE - ENDING</b>	<b>\$ 51,890,443</b>	<b>\$ 45,493,383</b>	<b>\$ 57,995,364</b>	<b>\$ 12,501,981</b>

The Notes to the Required Supplementary Information are an integral part of this schedule.

## Waco Independent School District

## Exhibit G-2

Schedule of the District's Proportionate Share of the Net Pension Liability of a Cost-Sharing Multiple-Employer Pension Plan Teacher Retirement System of Texas For the Last Nine Fiscal Years\*

Year	District's Proportion of Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.0996935%	\$ 59,185,439	\$ 71,526,993	\$ 130,712,432	\$ 112,564,532	52.58%	75.62%
2022	0.0938425%	23,898,364	33,063,323	56,961,687	107,476,297	22.24%	88.79%
2021	0.0934719%	50,061,628	70,992,607	121,054,235	105,792,769	47.32%	75.54%
2020	0.0935623%	48,636,619	67,003,759	115,640,378	98,033,516	49.61%	75.24%
2019	0.0918944%	50,580,910	76,045,664	126,626,574	96,935,706	52.18%	73.74%
2018	0.0996227%	31,853,985	44,581,627	76,435,612	96,218,234	33.11%	82.17%
2017	0.0982921%	37,143,113	51,722,852	88,865,965	91,012,010	40.81%	78.00%
2016	0.1010318%	35,713,397	45,090,294	80,803,691	83,034,215	43.01%	78.43%
2015	0.0531259%	14,190,662	42,706,018	56,896,680	78,027,228	18.19%	83.25%

\* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year. Ten years of data is not available.

**Waco Independent School District****Exhibit G-3**

Schedule of the District's Contributions to the  
Teacher Retirement System of Texas Pension Plan  
For the Last Nine Fiscal Years\*

<b>Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2023	\$ 5,020,361	\$ (5,020,361)	\$ -	\$ 113,143,098	4.44%
2022	4,658,014	(4,658,014)	-	112,564,532	4.14%
2021	4,008,686	(4,008,686)	-	107,476,297	3.73%
2020	3,850,936	(3,850,936)	-	105,792,769	3.64%
2019	3,237,191	(3,237,191)	-	98,033,516	3.30%
2018	3,128,330	(3,128,330)	-	96,935,706	3.23%
2017	3,256,599	(3,256,599)	-	96,218,234	3.38%
2016	3,122,988	(3,122,988)	-	91,012,010	3.43%
2015	2,991,594	(2,991,594)	-	83,034,215	3.60%

\* The amounts presented for the fiscal years were determined as of the District's fiscal year end.  
Ten years of data is not available.

## Waco Independent School District

## Exhibit G-4

Schedule of the District's Proportionate Share of the Net OPEB Liability of a Cost-Sharing Multiple-Employer OPEB Plan Teacher Retirement System of Texas For the Last Six Fiscal Years\*

Year	District's Proportion of Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportionate Share of the Net OPEB Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.1295881%	\$ 31,028,582	\$ 37,849,996	\$ 68,878,578	\$ 112,564,532	27.57%	11.52%
2022	0.1227822%	47,362,589	63,455,314	110,817,903	107,476,297	44.07%	6.18%
2021	0.1253432%	47,648,616	64,028,318	111,676,934	105,792,769	45.04%	4.99%
2020	0.1231808%	58,253,729	77,406,176	135,659,905	98,033,516	59.42%	2.66%
2019	0.1243990%	62,113,538	80,233,292	142,346,830	96,935,706	64.08%	1.57%
2018	0.1332423%	57,942,061	70,108,100	128,050,161	96,218,234	60.22%	0.91%

\* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year. Ten years of data is not available.

**Waco Independent School District****Exhibit G-5**

Schedule of the District's Contributions to the  
 Teacher Retirement System of Texas OPEB Plan  
 For the Last Six Fiscal Years\*

<b>Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2023	\$ 1,087,532	\$ (1,087,532)	\$ -	\$ 113,143,098	0.96%
2022	1,066,035	(1,066,035)	-	112,564,532	0.95%
2021	959,412	(959,412)	-	107,476,297	0.89%
2020	951,363	(951,363)	-	105,792,769	0.90%
2019	867,726	(867,726)	-	98,033,516	0.89%
2018	829,665	(829,665)	-	96,935,706	0.86%

\* The amounts presented for the fiscal years were determined as of the District's fiscal year end.  
 Ten years of data is not available.

## Waco Independent School District

### Notes to the Required Supplementary Information

#### Note 1. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the General, National School Breakfast and Lunch Program, and Debt Service funds. For fiscal years beginning September 1, the Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The District's administration determines budgetary funding priorities and the budgets are prepared in the same basis of accounting that is used for reporting, in accordance with generally accepted accounting principles. Final budget allocations are determined by the Board, which subsequently establishes a tax rate sufficient to support the approved budget. The annual budget, which is prepared on the modified accrual basis of accounting, must be adopted by the Board at a scheduled meeting after giving ten days' public notice of the meeting. Annual budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.

The District's administration continuously monitors the budget, performing reviews during the year in which budget requirements are re-evaluated and revisions are recommended to the Board, as necessary. The Board must approve amendments to the budget at the fund and functional expenditure level or revenue object accounts as defined by the TEA. Expenditures may not legally exceed budgeted appropriations, as amended, at the functional level by fund. The administration may amend the budget without Board approval if appropriations are not transferred between functions.

During fiscal year 2023, final General Fund appropriations reflect a net increase of \$6.7 million while revenue estimates were decreased \$1.1 million. Throughout the year, budgeted appropriations were increased to cover unknown or unanticipated costs not included in the adopted budget. These amendments included the following major appropriations: \$2.2 million for the re-appropriation of budgets for certain purchase orders carried forward from fiscal year 2022; \$2.3 million, previously committed by the Board of Trustees for various purposes including, \$1.5 million for school bus purchases, \$0.6 million for costs related to the installation of a walk-in cooler and freezer, and \$0.2 million for classroom furniture replacement; \$0.8 million for costs related to Special Education services, required to meet federal maintenance of effort; \$1.3 million for the implementation of GASB 96 accounting for subscription-based information technology arrangements; and \$0.6 million for start-up costs incurred in opening the new G W. Carver Middle School. Both appropriations and estimated revenues were decreased by \$2.8 million because the planned E-Rate project was accounted for in a special revenue fund. In contrast, both appropriations and estimated revenues were increased by \$1.5 million to account for costs and funding related to the Teacher Incentive Allotment.

**Waco Independent School District**

Notes to the Required Supplementary Information

**Note 2. Net Pension Liability and Net OPEB Liability**

The following factors significantly affect trends in the amounts reported for the District's proportionate share of the net pension liability and net OPEB liability:

**Changes in Actuarial Assumptions and Inputs**

Measurement Date August 31,	Net Pension Liability		Net OPEB Liability
	Discount Rate	Long-term Expected Rate of Return	Discount Rate
2022	7.000%	7.000%	3.910%
2021	7.250%	7.250%	1.950%
2020	7.250%	7.250%	2.330%
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	
2015	8.000%	8.000%	
2014	8.000%	8.000%	

**Changes in Demographic and Economic Assumptions**

For measurement date August 31, 2018 – Net Pension Liability and Net OPEB Liability:

- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement and economic assumptions, including rates of salary increase for individual participants were updated based on the experience study performed for TRS for the period ending August 31, 2017.

**Changes in Benefit Terms**

For measurement date August 31, 2018 – Net OPEB Liability:

- Changes of benefit terms were made effective September 1, 2017 by the 85th Texas Legislature.

**Other Changes**

For measurement date August 31, 2022 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 65% to 62%. The participation rate for post-65 retirees was lowered from 40% to 25%.

For measurement date August 31, 2020 – Net OPEB Liability:

- The participation rate for post-65 retirees was lowered from 50% to 40%.
- The ultimate health care trend rate assumption decreased to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

## Waco Independent School District

### Notes to the Required Supplementary Information

For measurement date August 31, 2019 – Net Pension Liability:

- With the enactment of SB3 by the 2019 Texas Legislature, an assumption was made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

For measurement date August 31, 2019 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65.
- The trend rates were reset to better reflect the plan's anticipated experience.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%.

For measurement date August 31, 2018 – Net OPEB Liability:

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020.

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## **Supplementary Information**

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## **Waco Independent School District**

### Fund Descriptions

#### Nonmajor Governmental Funds – Special Revenue Funds

August 31, 2023

#### **Special Revenue Funds**

Special Revenue Funds are governmental funds used to account for specific revenue sources which are legally restricted to expenditures for specified purposes. These funds utilize the modified accrual basis of accounting.

##### ESSA, Title X, Part C – Education for the Homeless Children and Youth (Fund 206)

This fund is used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide a variety of staff development and supplemental services, including in-service training, counseling, psychological services and tutoring. This program is authorized under P.L. 107-110, McKinney- Vento Homeless Education Assistance Improvement of 2001, amended by NCLB Act of 2001, Title X, Part C.

##### ESSA, Title I, Part A – Improving Basic Programs (Fund 211)

This fund is used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children. This program is authorized under P.L. 107-110.

##### IDEA, Part B, Formula (Fund 224)

This fund is used to account, on a project basis, for funds granted to operate educational programs for children with disabilities. This funding also includes capacity building and improvement sub-grants. This program is authorized under P.L. 108-446.

##### IDEA, Part B, Preschool (Fund 225)

This fund is used to account, on a project basis, for funds granted for preschool children with disabilities. This program is authorized under P.L. 105-17.

##### National School Breakfast and Lunch Program (Fund 240)

This fund is used to account for programs using federal reimbursement revenues originating from the United States Department of Agriculture (USDA).

##### Career and Technical, Basic Grant (Fund 244)

This fund is used to account, on a project basis, for funds granted to provide career and technology education to develop new and/or improve career and technology education programs for paid and unpaid employment. Full participation in the basic grant is from individuals who are members of special populations. This program is authorized by P.L. 109-270.

##### ESSA, Title II, Part A – Teacher and Principal Training and Recruiting (Fund 255)

This fund is used to provide financial assistance to LEAs to increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals in schools, and hold LEAs accountable for improving student academic achievement. This program is authorized under P.L. 107-110.

##### ESSA, Title III, Part A, English Language Acquisition and Language Enhancement (Fund 263)

This fund is used to account, on a project basis, for funds granted to improve the education of limited English proficient children, by assisting the children to learn English and meet State academic content and student academic achievement standards. This program is authorized under P.L. 107-110.

## **Waco Independent School District**

### Fund Descriptions

#### Nonmajor Governmental Funds – Special Revenue Funds

August 31, 2023

##### ESSA, Title I, School Improvement Program (SIP) Academy Grant (Fund 276)

This fund is used to account, on a project basis, for funds granted to address the needs of campuses in improvement, corrective action, and restructuring in order to improve student achievement in conjunction with the Title I, School Improvement Program funds to leverage change and improve technical assistance through targeting activities towards measurable outcomes. This program is authorized under P.L. 107-10.

##### ARP Homeless (TEHCY) (Fund 278)

This fund is used to account for federal stimulus ESSER funds granted to LEAs through the American Rescue Plan Act to identify homeless children and youth, to provide homeless children and youth with wrap-around services to address the challenges of COVID-19, and to enable homeless children and youth to attend school and fully participate in school activities.

##### Texas COVID Learning Acceleration Supports (TCLAS) – State Elementary and Secondary School Emergency Relief Fund III (ESSER III) of the American Rescue Plan (ARP) Act of 2021 (Fund 279)

This fund is used to account for funds granted for targeted supports to assist school districts to accelerate student learning due to learning loss caused by the COVID-19 pandemic.

##### American Rescue Plan Homeless II Children and Youth (Fund 280)

This fund is used to account for funding to increase capacity to identify, enroll, and provide wraparound services to address the unique needs of homeless children and youth due to the impact of the coronavirus pandemic.

##### Elementary and Secondary School Emergency Relief Fund III (ESSER III) – American Rescue Plan (ARP) Act of 2021 (Fund 282)

This fund is used to account for federal stimulus ESSER III funds granted to local education agencies through the ARP Act to address learning loss and the disproportionate impact of the coronavirus on certain student subgroups, identify and provide homeless children and youth with services in light of challenges of the coronavirus, and enable homeless children and youth to attend school and participate fully in school activities. This program is authorized under the Education Stabilization Fund.

##### IDEA – Part B, Formula – American Rescue Plan Act of 2021 (Fund 284)

This fund is used to account for federal stimulus funds granted under the ARP Act to operate educational programs for children with disabilities.

##### Other Federally Funded Special Revenue Funds (Fund 289)

These funds are used to account, on a project basis, for federally funded special revenue funds that are not otherwise listed.

##### Shared Services Arrangements – IDEA, Part B, Discretionary (Fund 315)

This fund is used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds used to support the Regional Day School for the Deaf programs and other emerging needs.

##### State Textbook Fund (Fund 410)

This fund is used to account, on a project basis, for funds awarded to school districts under the instructional materials allotment, TEC Chapter 31, Subchapter B.

##### Texas Workforce Commission -- Apprenticeship Training (Fund 427)

This fund is used to account for funds provided to local education agencies, under the Texas Education Code, Chapter 133, to support the costs of job-related classroom instruction in registered apprenticeship training programs.

## **Waco Independent School District**

### Fund Descriptions

#### Nonmajor Governmental Funds – Special Revenue Funds

August 31, 2023

##### Other State Special Revenue Funds (Fund 429)

These are state funded special revenue funds not otherwise listed.

##### Shared Services Arrangements – Regional Day School for the Deaf (Fund 435)

This fund is used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds allocated for staff and activities of the Regional Day School Program for the Deaf.

##### Shared Services Arrangements – McLennan County Challenge Academy (Fund 446)

This fund is used by the school district, as fiscal agent of a shared services arrangement, to account for activities of the McLennan County Challenge Academy, the Juvenile Justice Alternative Education Program.

##### Shared Services Arrangements – Regional Day School for the Deaf (Fund 458)

This fund is used by the school district, as fiscal agent of a shared services arrangement, to account for the locally-funded component of the Regional Day School for the Deaf.

##### Campus Activity Funds (Fund 461)

This fund is used to account for transactions related to a principal's activity fund if the monies generated are not subject to recall by the school district's board of trustees into the general fund.

##### Waco ISD Education Foundation Grants (Fund 487)

This fund is used to account for grants awarded by the Waco ISD Foundation, an independent, nonprofit organization that provides grants for education programs and projects that are not covered by the school budgets or tax dollars.

##### Baylor University Professional Development Grant (Fund 492)

This fund is used to account for funds contributed by Baylor University in its partnership with the school district to provide professional mentoring to instructional staff.

##### Greater Waco Advanced Manufacturing Academies (Fund 497)

This fund is used to account for funds generated through tuition contributions from Waco ISD and other regional districts participating in programs at the Advanced Manufacturing Academy and the Advanced Health Care Academy.

##### Other Locally Funded Special Revenue Funds (Fund 499)

These funds are locally funded special revenue funds not otherwise listed.

# Waco Independent School District

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 Special Revenue Funds  
 August 31, 2023

Data Control Codes	206	211	224	225	
	ESSA Title X, Part C - Education for the Homeless Children and Youth	ESSA Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula	IDEA - Part B, Preschool	
<b>ASSETS</b>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	12,531	1,982,116	555,904	1,583
1250	Accrued interest	-	-	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
<b>1000</b>	<b>TOTAL ASSETS</b>	<u>\$ 12,531</u>	<u>\$ 1,982,116</u>	<u>\$ 555,904</u>	<u>\$ 1,583</u>
<b>LIABILITIES</b>					
2110	Accounts payable	\$ -	\$ 14,870	\$ -	\$ -
2120	Other current liabilities	-	-	-	-
2160	Accrued wages payable	3,812	266,502	155,184	-
2170	Due to other funds	8,438	1,699,447	383,929	1,583
2180	Due to other governments	281	1,297	16,791	-
2300	Unearned revenue	-	-	-	-
2000	Total liabilities	12,531	1,982,116	555,904	1,583
<b>FUND BALANCES</b>					
Restricted:					
3450	Grants	-	-	-	-
Committed:					
3545	Other	-	-	-	-
3000	Total fund balances	-	-	-	-
<b>4000</b>	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 12,531</u>	<u>\$ 1,982,116</u>	<u>\$ 555,904</u>	<u>\$ 1,583</u>

240	244	255	263 ESSA, Title III, Part A - English Language Acquisition and Language Enhancement	276	278
National School Breakfast and Lunch Program	Career and Technical - Basic Grant	ESSA, Title II, Part A - Teacher and Principal Training and Recruiting		ESSA, Title I - School Improvement Program Academy Grant	ARP Homeless ITEHCY
\$ 5,533,764	\$ -	\$ -	\$ -	\$ -	\$ -
992,339	94,084	330,950	131,810	-	39,817
4,271	-	-	-	-	-
58,691	-	-	-	180	-
3,397	-	-	-	-	-
<u>\$ 6,592,462</u>	<u>\$ 94,084</u>	<u>\$ 330,950</u>	<u>\$ 131,810</u>	<u>\$ 180</u>	<u>\$ 39,817</u>
\$ 603,503	\$ -	\$ 21,708	\$ 33,120	\$ -	\$ -
-	-	-	-	-	-
115,006	5,758	2,015	9,690	-	3,044
-	86,253	307,227	89,000	-	36,773
-	2,073	-	-	180	-
-	-	-	-	-	-
718,509	94,084	330,950	131,810	180	39,817
5,873,953	-	-	-	-	-
-	-	-	-	-	-
<u>5,873,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 6,592,462</u>	<u>\$ 94,084</u>	<u>\$ 330,950</u>	<u>\$ 131,810</u>	<u>\$ 180</u>	<u>\$ 39,817</u>

**Waco Independent School District**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
Special Revenue Funds - Continued  
August 31, 2023

	279	280	282	284
<b>Data Control Codes</b>	<b>TCLAS ESSER III</b>	<b>ARP Homeless II Children and Youth</b>	<b>ARP ESSER III</b>	<b>ARP IDEA Part B Formula</b>
<b>ASSETS</b>				
1110 Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240 Due from other governments	11,245	50,024	1,019,750	251,393
1250 Accrued interest	-	-	-	-
1260 Due from other funds	-	-	201,287	-
1290 Other receivables	-	-	-	-
<b>1000 TOTAL ASSETS</b>	<b>\$ 11,245</b>	<b>\$ 50,024</b>	<b>\$ 1,221,037</b>	<b>\$ 251,393</b>
<b>LIABILITIES</b>				
2110 Accounts payable	\$ -	\$ 94	\$ 879,891	\$ 73,822
2120 Other current liabilities	-	-	111,453	-
2160 Accrued wages payable	-	3,674	229,693	3,392
2170 Due to other funds	11,245	46,256	-	174,179
2180 Due to other governments	-	-	-	-
2300 Unearned revenue	-	-	-	-
2000 Total liabilities	11,245	50,024	1,221,037	251,393
<b>FUND BALANCES</b>				
Restricted:				
3450 Grants	-	-	-	-
Committed:				
3545 Other	-	-	-	-
3000 Total fund balances	-	-	-	-
<b>4000 TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 11,245</b>	<b>\$ 50,024</b>	<b>\$ 1,221,037</b>	<b>\$ 251,393</b>

289	315	410	427	429	435
Federally Funded Special Revenue Funds	Shared Services Arrangements - IDEA - Part B, Discretionary	State Textbook Fund	Texas Workforce Commission Apprenticeship Training	State Funded Special Revenue Funds	Shared Services Arrangements - Regional Day School for the Deaf
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
537,554	2,966	2,308	24,401	299,084	38,685
-	-	-	-	-	-
-	-	-	15,880	-	-
-	-	-	-	-	-
<u>\$ 537,554</u>	<u>\$ 2,966</u>	<u>\$ 2,308</u>	<u>\$ 40,281</u>	<u>\$ 299,084</u>	<u>\$ 38,685</u>
\$ 27,164	\$ 1,139	\$ -	\$ 24,401	\$ 145,846	\$ -
-	-	-	-	-	-
5,120	-	-	-	-	11,167
501,486	1,660	2,308	-	153,238	27,518
3,784	167	-	165	-	-
-	-	-	-	-	-
537,554	2,966	2,308	24,566	299,084	38,685
-	-	-	-	-	-
-	-	-	15,715	-	-
-	-	-	15,715	-	-
<u>\$ 537,554</u>	<u>\$ 2,966</u>	<u>\$ 2,308</u>	<u>\$ 40,281</u>	<u>\$ 299,084</u>	<u>\$ 38,685</u>

**Waco Independent School District**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
Special Revenue Funds - Continued  
August 31, 2023

<b>Data Control Codes</b>	<b>446</b>	<b>458</b>	<b>461</b>	<b>487</b>	
	<b>Shared Services Arrangements - McLennan County Challenge Academy</b>	<b>Shared Services Arrangements - Regional Day School for the Deaf Local Funds</b>	<b>Campus Activity Funds</b>	<b>Waco ISD Foundation Grants</b>	
<b>ASSETS</b>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ 1,104,354	\$ -
1240	Due from other governments	141,992	299,000	-	-
1250	Accrued interest	-	-	-	-
1260	Due from other funds	372,957	-	-	-
1290	Other receivables	-	-	1,630	90,606
<b>1000</b>	<b>TOTAL ASSETS</b>	<b>\$ 514,949</b>	<b>\$ 299,000</b>	<b>\$ 1,105,984</b>	<b>\$ 90,606</b>
<b>LIABILITIES</b>					
2110	Accounts payable	\$ -	\$ 1,760	\$ 13,757	\$ -
2120	Other current liabilities	-	-	761	-
2160	Accrued wages payable	36,983	27,344	-	-
2170	Due to other funds	-	230,234	449,629	90,075
2180	Due to other governments	-	-	-	531
2300	Unearned revenue	477,966	39,662	-	-
2000	Total liabilities	514,949	299,000	464,147	90,606
<b>FUND BALANCES</b>					
Restricted:					
3450	Grants	-	-	-	-
Committed:					
3545	Other	-	-	641,837	-
3000	Total fund balances	-	-	641,837	-
<b>4000</b>	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 514,949</b>	<b>\$ 299,000</b>	<b>\$ 1,105,984</b>	<b>\$ 90,606</b>

492	497	499	
Baylor University Professional Development Grant	Greater Waco Advanced Academies Fund	Locally Funded Special Revenue Funds	Total Nonmajor Funds (See Exhibit C-1)
\$ -	\$ -	\$ -	\$ 6,638,118
-	-	-	6,819,536
-	-	-	4,271
-	141,043	67,771	857,809
41,114	-	134,961	271,708
<u>\$ 41,114</u>	<u>\$ 141,043</u>	<u>\$ 202,732</u>	<u>\$ 14,591,442</u>
\$ 19,435	\$ 41,199	\$ 14,546	\$ 1,916,255
-	-	-	112,214
4,494	99,844	8,507	991,229
17,185	-	-	4,317,663
-	-	-	25,269
-	-	179,679	697,307
41,114	141,043	202,732	8,059,937
-	-	-	5,873,953
-	-	-	657,552
-	-	-	6,531,505
<u>\$ 41,114</u>	<u>\$ 141,043</u>	<u>\$ 202,732</u>	<u>\$ 14,591,442</u>

# Waco Independent School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Special Revenue Funds

For the Fiscal Year Ended August 31, 2023

<b>Data Control Codes</b>	<b>206</b>	<b>211</b>	<b>224</b>	<b>225</b>
	<b>ESSA Title X, Part C - Education for the Homeless Children and Youth</b>	<b>ESSA Title I, Part A - Improving Basic Programs</b>	<b>IDEA - Part B, Formula</b>	<b>IDEA - Part B, Preschool</b>
<b>REVENUES</b>				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	80,009	6,929,019	33,699
5020	Total revenues	80,009	6,929,019	33,699
<b>EXPENDITURES</b>				
Current:				
0011	Instruction	8,288	2,392,059	1,623,720
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	3,316,986	-
0021	Instructional leadership	6,140	186,245	101,632
0023	School leadership	-	136,243	-
0031	Guidance, counseling, and evaluation services	-	6,080	1,153,943
0032	Social work services	65,150	127,417	-
0033	Health services	-	18,157	28
0035	Food service	-	-	-
0036	Extracurricular activities	-	-	-
0051	Plant maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	431	745,832	-
Intergovernmental:				
0093	Payments related shares services arrangements	-	-	-
6030	Total expenditures	80,009	6,929,019	33,699
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
7912	Sale of real and personal property	-	-	-
7915	Transfers in	-	-	-
7080	Total other financing sources	-	-	-
1200	Net change in fund balances	-	-	-
Fund balances - beginning				
<b>3000</b>	<b>FUND BALANCES - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

240	244	255	263	276	278
National School Breakfast and Lunch Program	Career and Technical - Basic Grant	ESSA, Title II, Part A - Teacher and Principal Training and Recruiting	ESSA, Title III, Part A - English Language Acquisition and Language Enhancement	ESSA, Title I - School Improvement Program Academy Grant	ARP Homeless I TEHCY
\$ 576,762	\$ -	\$ -	\$ -	\$ -	\$ -
173,594	-	-	-	-	-
10,769,505	267,946	758,063	348,748	(8)	91,386
11,519,861	267,946	758,063	348,748	(8)	91,386
-	21,337	18,696	230,455	-	4,010
-	-	-	-	-	-
-	236,783	706,921	116,416	-	-
-	9,826	15,436	-	-	87,376
-	-	17,010	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,877	-	-
11,417,714	-	-	-	-	-
-	-	-	-	(8)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,417,714	267,946	758,063	348,748	(8)	91,386
102,147	-	-	-	-	-
95,520	-	-	-	-	-
-	-	-	-	-	-
95,520	-	-	-	-	-
197,667	-	-	-	-	-
5,676,286	-	-	-	-	-
\$ 5,873,953	\$ -	\$ -	\$ -	\$ -	\$ -

**Waco Independent School District**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Special Revenue Funds - Continued

For the Fiscal Year Ended August 31, 2023

		279	280	282	284
Data Control Codes		TCLAS ESSER III	ARP Homeless II Children and Youth	ARP ESSER III	ARP IDEA Part B Formula
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	10,169	103,252	9,523,719	393,468
5020	Total revenues	10,169	103,252	9,523,719	393,468
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	10,169	3,530	3,128,710	196,403
0012	Instructional resources and media services	-	-	2,079,226	-
0013	Curriculum and instructional staff development	-	-	472,096	7,833
0021	Instructional leadership	-	25,984	165,076	-
0023	School leadership	-	-	67,332	-
0031	Guidance, counseling, and evaluation services	-	-	523,416	189,232
0032	Social work services	-	-	98,595	-
0033	Health services	-	-	41,845	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	272,687	-
0051	Plant maintenance and operations	-	-	2,311,752	-
0052	Security and monitoring services	-	-	107,484	-
0053	Data processing services	-	-	105,946	-
0061	Community services	-	73,738	149,554	-
Intergovernmental:					
0093	Payments related shares services arrangements	-	-	-	-
6030	Total expenditures	10,169	103,252	9,523,719	393,468
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>					
7912	Sale of real and personal property	-	-	-	-
7915	Transfers in	-	-	-	-
7080	Total other financing sources	-	-	-	-
1200	Net change in fund balances	-	-	-	-
Fund balances - beginning					
3000	<b>FUND BALANCES - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

289	315	410	427	429	435
Federally Funded Special Revenue Funds	Shared Services Arrangements - IDEA - Part B, Discretionary	State Textbook Fund	Texas Workforce Commission Apprenticeship Training	State Funded Special Revenue Funds	Shared Services Arrangements - Regional Day School for the Deaf
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	39,096	25,724	411,587	201,591
4,621,952	22,379	-	-	-	-
4,621,952	22,379	39,096	25,724	411,587	201,591
3,786,977	21,240	39,096	-	7,255	106,899
-	-	-	-	-	-
101,840	1,139	-	-	2,134	-
3,697	-	-	-	77,338	94,692
-	-	-	-	-	-
229,964	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	266,937	-
1,450	-	-	30,485	57,923	-
498,024	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,621,952	22,379	39,096	30,485	411,587	201,591
-	-	-	(4,761)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(4,761)	-	-
-	-	-	20,476	-	-
\$ -	\$ -	\$ -	\$ 15,715	\$ -	\$ -

# Waco Independent School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Special Revenue Funds - Continued

For the Fiscal Year Ended August 31, 2023

<u>Data Control Codes</u>	<b>446</b>	<b>458</b>	<b>461</b>	<b>487</b>	
	<b>Shared Services Arrangements - McLennan County Challenge Academy</b>	<b>Shared Services Arrangements - Regional Day School for the Deaf Local Funds</b>	<b>Campus Activity Funds</b>	<b>Waco ISD Foundation Grants</b>	
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 612,572	\$ 525,772	\$ 622,249	\$ 90,530
5800	State program revenues	246,025	35,444	-	-
5900	Federal program revenues	-	-	-	-
5020	Total revenues	<u>858,597</u>	<u>561,216</u>	<u>622,249</u>	<u>90,530</u>
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	493,773	478,658	119,903	81,679
0012	Instructional resources and media services	-	-	75,365	3,518
0013	Curriculum and instructional staff development	-	82,558	3,699	2,974
0021	Instructional leadership	-	-	-	-
0023	School leadership	198,971	-	30,877	-
0031	Guidance, counseling, and evaluation services	76,062	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	384,226	-
0051	Plant maintenance and operations	7,694	-	-	-
0052	Security and monitoring services	-	-	1,767	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	1,118	2,359
Intergovernmental:					
0093	Payments related shares services arrangements	82,097	-	-	-
6030	Total expenditures	<u>858,597</u>	<u>561,216</u>	<u>616,955</u>	<u>90,530</u>
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	5,294	-
<b>OTHER FINANCING SOURCES (USES)</b>					
7912	Sale of real and personal property	-	-	-	-
7915	Transfers in	-	-	-	-
7080	Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	5,294	-
	Fund balances - beginning	<u>-</u>	<u>-</u>	<u>636,543</u>	<u>-</u>
3000	<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 641,837</u>	<u>\$ -</u>

492	497	499	
Baylor University Professional Development Grant	Greater Waco Advanced Academies Fund	Locally Funded Special Revenue Funds	Total Nonmajor Funds (See Exhibit C-2)
\$ 73,911	\$ 2,122,353	\$ 323,885	\$ 4,948,034
-	126,993	-	1,260,054
-	-	-	36,832,629
73,911	2,249,346	323,885	43,040,717
-	1,733,584	70,850	14,610,990
-	-	-	2,158,109
70,911	15,255	13,750	5,151,295
-	408,083	8,970	1,190,495
3,000	-	-	453,433
-	275,209	-	2,453,906
-	-	-	291,162
-	-	-	61,907
-	-	-	11,417,714
-	-	13,498	670,403
-	173,018	-	2,759,401
-	-	2,000	201,109
-	-	-	603,970
-	-	214,817	1,187,849
-	-	-	82,097
73,911	2,605,149	323,885	43,293,840
-	(355,803)	-	(253,123)
-	-	-	95,520
-	355,803	-	355,803
-	355,803	-	451,323
-	-	-	198,200
-	-	-	6,333,305
\$ -	\$ -	\$ -	\$ 6,531,505

**Waco Independent School District**  
 Schedule of Delinquent Taxes Receivable  
 For the Fiscal Year Ended August 31, 2023

<u>Year Ended</u> <u>August 31,</u>	<u>Tax Rates</u>		<u>Assessed/Appraised</u> <u>Value For School Tax</u> <u>Purposes</u>
	<u>Maintenance</u>	<u>Debt Service</u>	
2014 and prior years	\$ Various	\$ Various	\$ Various
2015	1.04000	0.31324	4,212,595,871
2016	1.17000	0.23000	4,600,827,921
2017	1.17000	0.23000	5,053,462,320
2018	1.17000	0.24000	5,220,581,465
2019	1.17000	0.23408	5,822,476,266
2020	1.06835	0.23410	6,271,959,413
2021	1.03980	0.22415	6,383,598,838
2022	1.02440	0.22024	6,881,467,412
2023	0.94290	0.29897	8,415,050,138

**1000 TOTALS**

8000 - Taxes refunded under section 26.1115, tax code, for owners who received an exemption as provided by section 11.42(f), tax code

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

Exhibit J-1

<u>Beginning Balance 9/1/2022</u>	<u>Current Year's Total Levy</u>	<u>Maintenance Collections</u>	<u>Debt Service Collections</u>	<u>Entire Year's Adjustments</u>	<u>Ending Balance 8/31/2023</u>
\$ 727,359	\$ -	\$ 25,350	\$ 7,673	\$ (39,371)	\$ 654,965
130,247	-	8,073	2,431	(1,301)	118,442
130,177	-	11,879	2,335	(639)	115,324
141,109	-	20,240	3,979	(1,375)	115,515
185,612	-	16,091	3,301	(14,055)	152,165
248,084	-	2,484	497	(52,315)	192,788
292,724	-	8,438	1,849	(66,010)	216,427
416,524	-	39,967	8,616	(105,334)	262,607
1,174,455	-	384,706	82,709	(257,673)	449,367
-	104,503,899	77,264,470	24,498,548	(1,127,964)	1,612,917
<u>\$ 3,446,291</u>	<u>\$ 104,503,899</u>	<u>\$ 77,781,698</u>	<u>\$ 24,611,938</u>	<u>\$ (1,666,037)</u>	<u>\$ 3,890,517</u>
		\$ 29,995	\$ -		
		\$ 787	\$ 1,667		

**Waco Independent School District**

**Exhibit J-2**

Schedule of Revenues, Expenditures, and Changes  
in Fund Balance – Budget and Actual  
National School Breakfast and Lunch Program  
For the Fiscal Year Ended August 31, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 435,000	\$ 435,000	\$ 576,762	\$ 141,762
5800	State program revenues	-	-	173,594	173,594
5900	Federal program revenues	9,485,099	9,910,206	10,769,505	859,299
5020	Total revenues	9,920,099	10,345,206	11,519,861	1,174,655
<b>EXPENSES</b>					
Current:					
0035	Food service	10,978,538	13,688,922	11,417,714	2,271,208
6030	Total expenses	10,978,538	13,688,922	11,417,714	2,271,208
1100	Excess (deficiency) of revenues over (under) expenditures	(1,058,439)	(3,343,716)	102,147	3,445,863
<b>OTHER FINANCING SOURCES (USES)</b>					
7912	Sale of real and personal property	-	-	95,520	95,520
7080	Total other financing sources (uses)	-	-	95,520	95,520
1200	Net change in fund balance	(1,058,439)	(3,343,716)	197,667	3,541,383
0100	Fund balance - beginning	5,676,286	5,676,286	5,676,286	-
3000	<b>FUND BALANCE - ENDING</b>	<b>\$ 4,617,847</b>	<b>\$ 2,332,570</b>	<b>\$ 5,873,953</b>	<b>\$ 3,541,383</b>

**Waco Independent School District**

**Exhibit J-3**

Schedule of Revenues, Expenditures, and Changes  
in Fund Balance – Budget and Actual  
Debt Service Fund  
For the Fiscal Year Ended August 31, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 24,679,348	\$ 24,679,348	\$ 25,495,326	\$ 815,978
5800	State program revenues	221,700	221,700	449,138	227,438
5020	Total revenues	24,901,048	24,901,048	25,944,464	1,043,416
<b>EXPENDITURES</b>					
Debt service:					
0071	Principal on long-term debt	8,205,000	9,250,000	9,250,000	-
0072	Interest on long-term debt	16,661,048	15,619,048	15,618,758	290
0073	Issuance costs and fees	30,000	27,000	4,800	22,200
Intergovernmental:					
0097	Payments to tax increment fund	5,000	5,000	1,667	3,333
6030	Total expenditures	24,901,048	24,901,048	24,875,225	25,823
1200	Net change in fund balance	-	-	1,069,239	1,069,239
0100	Fund balance - beginning	4,006,234	4,006,234	4,006,234	-
3000	<b>FUND BALANCE - ENDING</b>	<u>\$ 4,006,234</u>	<u>\$ 4,006,234</u>	<u>\$ 5,075,473</u>	<u>\$ 1,069,239</u>

**Waco Independent School District**  
 Use of Funds Report – Select State Allotment  
 For the Fiscal Year Ended August 31, 2023

**Exhibit J-4**

<u>Data Codes</u>		<u>Responses</u>
<b>Section A: Compensatory Education Programs</b>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the LEA's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the LEA's fiscal year.	\$ 20,166,146
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 10,983,457
<b>Section B: Bilingual Education Programs</b>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 1,931,385
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 1,136,501

# **Statistical Section**

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**Statistical Section  
(Unaudited)**

Statistical Tables are used to provide detailed information on the physical, economic, social and political characteristics of a government. They are intended to provide financial report users with a broader and more complete understanding of the government and its financial affairs than is possible from the basic financial statements.

The District's Statistical Tables usually cover ten fiscal years and often present data from outside the accounting records. The tables are unaudited due to the nature of the information contained therein.

	<u>Page</u>
<b>Financial Trends – Tables 1-4</b>	122
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b>Revenue Capacity – Table 5-8</b>	132
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
<b>Debt Capacity – Tables 9-11</b>	140
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
<b>Demographic and Economic Information – Tables 12-13</b>	145
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<b>Operating Information – Tables 14-18</b>	148
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

**Waco Independent School District**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 94,019,141	\$ 70,120,164	\$ 48,860,389	\$ 32,029,477
Restricted for federal and state programs	5,873,953	5,676,286	4,698,491	3,092,933
Restricted for debt service	-	-	-	3,774,583
Restricted for other purposes	2,345,002	2,457,009	1,751,786	-
Unrestricted	<u>(54,605,379)</u>	<u>(57,438,274)</u>	<u>(64,514,504)</u>	<u>(57,017,617)</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES NET POSITION</b>	<u>\$ 47,632,717</u>	<u>\$ 20,815,185</u>	<u>\$ (9,203,838)</u>	<u>\$ (18,120,624)</u>
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ 94,019,141	\$ 70,120,164	\$ 48,860,389	\$ 32,029,477
Restricted for federal and state programs	5,873,953	5,676,286	4,698,491	3,092,933
Restricted for debt service	-	-	-	3,774,583
Restricted for other purposes	2,345,002	2,457,009	1,751,786	-
Unrestricted	<u>(54,605,379)</u>	<u>(57,438,274)</u>	<u>(64,514,504)</u>	<u>(57,017,617)</u>
<b>TOTAL PRIMARY GOVERNMENT NET POSITION</b>	<u>\$ 47,632,717</u>	<u>\$ 20,815,185</u>	<u>\$ (9,203,838)</u>	<u>\$ (18,120,624)</u>

Source: District Financial Statements

<sup>1</sup> The District adopted Governmental Accounting Standards Board Statement No. 68 for the year ended August 31, 2015, recognizing the District's proportionate share of net pension liability for the Texas Teachers' Retirement System. Prior periods have not been restated.

<sup>2</sup> The District adopted Governmental Accounting Standards Board Statement No. 75 for the year ended August 31, 2018, recognizing the District's proportionate share of the TRS-Care net OPEB liability. As a result of significant changes in the plan, the District recorded negative on behalf revenues and expenses in the amount of \$29.5 million within the operating grants and contributions and \$43.7 million in functional expense categories. Prior periods have not been restated.

<sup>3</sup> The District adopted Governmental Accounting Standards Board Statement No. 87 for the year ended August 31, 2022, requiring the recognition of certain lease assets and liabilities for leases previously classified as operating leases and recognize as inflows of resources or outflows of resources based on the payment provisions of the contract.

**Table 1**

<b>2019</b>	<b>2018*</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 29,669,042	\$ 29,990,868	\$ 28,540,181	\$ 26,434,432	\$ 28,878,748	\$ 28,036,887
3,822,443	2,806,177	2,251,264	1,728,453	1,419,771	1,407,414
4,037,123	3,154,115	1,906,582	1,840,786	-	1,530,743
-	-	-	-	-	-
<u>(55,052,397)</u>	<u>(57,388,891)</u>	<u>26,606,549</u>	<u>30,355,750</u>	<u>30,160,328</u>	<u>43,679,196</u>
<u>\$ (17,523,789)</u>	<u>\$ (21,437,731)</u>	<u>\$ 59,304,576</u>	<u>\$ 60,359,421</u>	<u>\$ 60,458,847</u>	<u>\$ 74,654,240</u>
\$ 29,669,042	\$ 29,990,868	\$ 28,540,181	\$ 26,434,432	\$ 28,878,748	\$ 28,036,887
3,822,443	2,806,177	2,251,264	1,728,453	1,419,771	1,407,414
4,037,123	3,154,115	1,906,582	1,840,786	-	1,530,743
-	-	-	-	-	-
<u>(55,052,397)</u>	<u>(57,388,891)</u>	<u>26,606,549</u>	<u>30,355,750</u>	<u>30,160,328</u>	<u>43,679,196</u>
<u>\$ (17,523,789)</u>	<u>\$ (21,437,731)</u>	<u>\$ 59,304,576</u>	<u>\$ 60,359,421</u>	<u>\$ 60,458,847</u>	<u>\$ 74,654,240</u>

**Waco Independent School District**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>EXPENSES</b>				
Governmental activities:				
Instruction	\$ 102,227,921	\$ 101,232,746	\$ 108,588,615	\$ 105,111,083
Instructional resources and media services	4,111,845	3,235,033	1,192,490	1,230,515
Curriculum and instructional staff development	9,551,185	8,933,429	9,121,131	10,385,500
Instructional leadership	4,881,118	4,136,081	5,332,555	5,641,079
School leadership	10,787,666	9,819,089	10,695,652	11,178,027
Guidance, counseling, and evaluation services	8,339,301	7,025,873	7,496,360	6,903,962
Social work services	1,134,187	935,250	1,100,337	1,183,436
Health services	1,565,714	1,402,295	1,805,296	1,532,816
Student transportation	3,484,565	3,172,110	3,200,450	3,155,808
Food services	10,547,421	9,874,172	8,374,591	11,404,285
Extracurricular activities	7,320,418	6,419,770	5,788,669	6,059,245
General administration	6,555,878	5,867,190	5,920,000	5,671,606
Plant maintenance and operations	18,905,416	17,389,733	18,505,551	17,657,184
Security and monitoring services	2,897,773	2,421,712	3,027,839	2,316,628
Data processing services	3,972,674	3,794,523	3,507,680	4,561,909
Community services	1,972,999	1,829,316	1,794,330	1,669,506
Interest on long-term debt	13,345,184	7,502,230	5,157,532	6,297,691
Issuance costs and fees	1,378,374	20,900	1,038,026	15,812
Facilities acquisition, improvements and construction	2,171,843	1,196,164	15,522	-
Payments to fiscal agents/member districts of shared services arrangements	381,097	358,512	330,000	423,945
Payments related to Juvenile Alternative Education Program	601,613	601,643	298,918	646,950
Payments to tax increment fund	2,454	8,124,221	8,207,338	8,000,245
Other intergovernmental charges	832,484	721,826	704,473	755,302
	<u>216,969,130</u>	<u>206,013,818</u>	<u>211,203,355</u>	<u>211,802,534</u>
<b>TOTAL EXPENSES</b>	<b>\$ 216,969,130</b>	<b>\$ 206,013,818</b>	<b>\$ 211,203,355</b>	<b>\$ 211,802,534</b>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
Instruction	\$ 2,484,844	\$ 2,627,136	\$ 2,929,340	\$ 2,863,604
Instructional leadership	332,150	309,837	-	-
School leadership	163,917	171,891	-	-
Guidance, counseling, and evaluation services	278,267	266,818	-	-
Food services	539,610	442,536	225,868	350,362
Extracurricular activities	687,358	723,579	390,690	508,589
General administration	-	116,184	102,989	86,763
Plant maintenance and operations	278,040	307,365	441,653	320,540
Community services	795	-	-	103,496
Other activities	287,919	100,220	1,001,176	1,018,627
Operating grants and contributions	58,096,957	78,498,084	44,556,955	45,063,392
	<u>63,149,857</u>	<u>83,563,650</u>	<u>49,648,671</u>	<u>50,315,373</u>
<b>TOTAL PROGRAM REVENUES</b>	<b>\$ 63,149,857</b>	<b>\$ 83,563,650</b>	<b>\$ 49,648,671</b>	<b>\$ 50,315,373</b>
<b>NET (EXPENSE)/REVENUE</b>				
Governmental activities	<u>\$ (153,819,273)</u>	<u>\$ (122,450,168)</u>	<u>\$ (161,554,684)</u>	<u>\$ (161,487,161)</u>
<b>TOTAL NET (EXPENSE)/REVENUE</b>	<b>\$ (153,819,273)</b>	<b>\$ (122,450,168)</b>	<b>\$ (161,554,684)</b>	<b>\$ (161,487,161)</b>

**Table 2**  
(Page 1 of 2)

2019	2018	2017	2016	2015	2014
\$ 97,204,175	\$ 63,778,397	\$ 92,410,667	\$ 88,611,062	\$ 77,681,640	\$ 69,789,327
1,145,653	951,999	1,121,495	1,196,338	1,124,801	1,135,530
8,191,863	4,118,181	8,340,412	7,509,106	6,947,353	6,173,202
5,279,944	2,420,981	4,335,621	4,392,247	3,677,116	3,318,806
10,762,453	6,657,882	9,845,156	9,978,219	9,115,358	8,738,412
5,935,365	3,202,513	5,574,333	5,144,364	4,648,929	4,219,053
1,176,663	700,617	941,636	1,417,893	1,031,823	902,610
1,289,858	825,391	1,177,356	1,216,958	1,102,805	1,033,294
3,164,818	3,177,773	2,956,595	2,860,485	2,693,602	3,138,533
11,095,518	8,678,763	10,769,354	10,492,347	10,019,785	10,146,039
5,693,948	4,374,793	5,449,388	5,051,637	4,653,098	4,324,813
4,935,156	3,738,000	5,232,469	4,984,938	4,179,447	4,409,243
15,921,753	15,301,105	18,573,874	18,452,585	17,352,111	14,670,240
2,550,677	1,875,149	2,095,530	2,222,486	2,070,750	1,790,388
4,025,862	2,548,797	2,981,430	3,045,119	3,411,040	2,692,333
1,883,438	1,037,951	1,306,982	1,152,542	1,215,064	2,187,539
6,525,159	6,709,165	6,927,718	6,474,116	7,503,739	9,251,908
5,650	6,700	6,700	514,954	1,075,983	5,050
116,177	1,145	-	-	160,135	1,996,941
749,055	556,613	522,174	520,899	409,664	242,077
514,035	456,901	558,366	410,518	360,740	422,845
7,850,239	6,968,873	5,616,835	4,214,674	3,534,625	3,061,499
839,620	832,723	711,202	701,349	727,905	616,522
<u>196,857,079</u>	<u>138,920,412</u>	<u>187,455,293</u>	<u>180,564,836</u>	<u>164,697,513</u>	<u>154,266,204</u>
<u>\$ 196,857,079</u>	<u>\$ 138,920,412</u>	<u>\$ 187,455,293</u>	<u>\$ 180,564,836</u>	<u>\$ 164,697,513</u>	<u>\$ 154,266,204</u>
\$ 2,942,550	\$ 2,616,206	\$ 2,245,294	\$ 1,719,516	\$ 1,448,081	\$ 1,016,740
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
568,314	632,980	734,826	688,102	698,505	692,221
813,046	1,054,949	960,344	992,762	878,815	993,237
190,180	216,287	-	-	-	-
365,233	389,512	388,975	366,705	243,895	368,157
164,712	146,170	139,676	110,757	112,199	111,084
792,380	651,011	1,232,811	788,737	745,053	490,417
43,276,111	9,980,612	40,212,598	41,546,587	40,689,915	35,356,370
<u>49,112,526</u>	<u>15,687,727</u>	<u>45,914,524</u>	<u>46,213,166</u>	<u>44,816,463</u>	<u>39,028,226</u>
<u>\$ 49,112,526</u>	<u>\$ 15,687,727</u>	<u>\$ 45,914,524</u>	<u>\$ 46,213,166</u>	<u>\$ 44,816,463</u>	<u>\$ 39,028,226</u>
<u>\$ (147,744,553)</u>	<u>\$ (123,232,685)</u>	<u>\$ (141,540,769)</u>	<u>\$ (134,351,670)</u>	<u>\$ (119,881,050)</u>	<u>\$ (115,237,978)</u>
<u>\$ (147,744,553)</u>	<u>\$ (123,232,685)</u>	<u>\$ (141,540,769)</u>	<u>\$ (134,351,670)</u>	<u>\$ (119,881,050)</u>	<u>\$ (115,237,978)</u>

**Waco Independent School District**  
 Changes in Net Position  
 Last Ten Fiscal Years  
 (Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Property taxes, levied for general purpose	\$ 78,929,807	\$ 69,695,140	\$ 70,822,072	\$ 67,873,571
Property taxes, levied for debt service	24,958,189	14,983,637	15,269,209	14,883,194
Grants and contributions not restricted to specific programs	60,299,553	67,479,128	80,387,751	76,390,346
Unrestricted investment earnings	14,785,236	1,085,024	173,600	995,027
Miscellaneous	1,664,020	1,078,051	1,964,052	911,362
Gain (loss) on disposals of capital assets	-	-	-	(163,174)
Transfers in/out	-	-	-	-
	<u>180,636,805</u>	<u>154,320,980</u>	<u>168,616,684</u>	<u>160,890,326</u>
Total governmental activities	<u>180,636,805</u>	<u>154,320,980</u>	<u>168,616,684</u>	<u>160,890,326</u>
<b>TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>	<u>\$ 180,636,805</u>	<u>\$ 154,320,980</u>	<u>\$ 168,616,684</u>	<u>\$ 160,890,326</u>
<b>PRIMARY GOVERNMENT CHANGE IN NET POSITION</b>				
Governmental activities	<u>\$ 26,817,532</u>	<u>\$ 31,870,812</u>	<u>\$ 7,062,000</u>	<u>\$ (596,835)</u>
<b>TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION</b>	<u>\$ 26,817,532</u>	<u>\$ 31,870,812</u>	<u>\$ 7,062,000</u>	<u>\$ (596,835)</u>

**Table 2**  
(Page 2 of 2)

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 69,781,667	\$ 64,060,469	\$ 58,783,113	\$ 52,444,091	\$ 45,214,877	\$ 42,790,674
13,941,068	13,139,700	11,592,463	10,329,819	13,589,549	12,928,067
65,405,082	64,950,166	68,772,790	70,471,901	65,525,694	62,882,914
1,633,709	1,072,854	524,447	244,394	88,831	119,105
883,453	828,848	768,018	708,154	818,949	702,540
13,516	33,013	45,093	53,885	(1,054,382)	2,291,077
-	-	-	-	15,000	-
<u>151,658,495</u>	<u>144,085,050</u>	<u>140,485,924</u>	<u>134,252,244</u>	<u>124,198,518</u>	<u>121,714,377</u>
<u>\$ 151,658,495</u>	<u>\$ 144,085,050</u>	<u>\$ 140,485,924</u>	<u>\$ 134,252,244</u>	<u>\$ 124,198,518</u>	<u>\$ 121,714,377</u>
<u>\$ 3,913,942</u>	<u>\$ 20,852,365</u>	<u>\$ (1,054,845)</u>	<u>\$ (99,426)</u>	<u>\$ 4,317,468</u>	<u>\$ 6,476,399</u>
<u>\$ 3,913,942</u>	<u>\$ 20,852,365</u>	<u>\$ (1,054,845)</u>	<u>\$ (99,426)</u>	<u>\$ 4,317,468</u>	<u>\$ 6,476,399</u>

**Waco Independent School District**  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>GENERAL FUND</b>				
Nonspendable	\$ 316,156	\$ 398,044	\$ 394,866	\$ 1,179,204
Committed	5,671,337	6,688,198	15,712,366	3,369,656
Assigned	-	-	-	-
Restricted	2,345,002	2,457,009	1,751,786	2,123,100
Unassigned	49,662,869	45,710,678	35,684,217	46,008,487
<b>TOTAL GENERAL FUND</b>	<u>\$ 57,995,364</u>	<u>\$ 55,253,929</u>	<u>\$ 53,543,235</u>	<u>\$ 52,680,447</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Capital projects	248,090,003	201,458,495	-	1,566
Federal and state programs	5,873,953	5,676,286	4,698,491	3,092,933
Debt service	5,075,473	4,006,234	4,866,235	3,990,782
Assigned	-	-	-	-
Committed	657,552	657,019	639,096	672,580
Unassigned	-	-	(1,457,770)	-
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS</b>	<u>\$ 259,696,981</u>	<u>\$ 211,798,034</u>	<u>\$ 8,746,052</u>	<u>\$ 7,757,861</u>

Source: District Financial Statements

**Table 3**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 412,344	\$ 680,007	\$ 684,300	\$ 196,803	\$ 239,129	\$ 214,094
3,002,885	1,273,469	3,487,432	5,448,732	4,878,618	2,812,330
-	299,723	1,485,130	1,235,550	1,118,207	668,770
1,110,137	-	-	-	-	-
44,712,941	41,768,477	39,165,626	39,036,156	36,747,458	36,742,623
<u>\$ 49,238,307</u>	<u>\$ 44,021,676</u>	<u>\$ 44,822,488</u>	<u>\$ 45,917,241</u>	<u>\$ 42,983,412</u>	<u>\$ 40,437,817</u>
\$ -	\$ -	\$ -	\$ -	\$ 142,981	\$ 151,073
-	443,939	845,439	1,243,250	2,025,445	2,732,183
3,822,443	2,806,177	2,251,264	1,728,453	1,419,771	1,256,341
4,057,107	3,911,753	4,653,605	4,646,144	4,627,553	3,626,685
-	-	-	-	-	-
642,837	639,941	548,488	456,582	491,049	476,297
-	-	-	-	-	-
<u>\$ 8,522,387</u>	<u>\$ 7,801,810</u>	<u>\$ 8,298,796</u>	<u>\$ 8,074,429</u>	<u>\$ 8,706,799</u>	<u>\$ 8,242,579</u>

**Waco Independent School District**  
**Changes In Fund Balances**  
**Governmental Funds**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>				
Local and intermediate sources	\$ 125,553,413	\$ 118,523,512	\$ 93,298,976	\$ 90,577,649
State program revenues	66,126,772	82,262,498	89,261,069	86,549,457
Federal program revenues	56,930,003	47,557,777	33,722,403	28,739,737
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	248,610,188	248,343,787	216,282,448	205,866,843
<b>EXPENDITURES</b>				
Current:				
Instruction	107,197,914	105,559,684	101,910,470	94,728,241
Instructional resources and media services	4,060,203	3,158,923	977,265	1,026,404
Curriculum and instructional staff development	9,789,218	9,702,750	8,437,370	8,930,368
Instructional leadership	5,017,061	4,512,662	4,973,273	4,992,117
School leadership	11,246,150	10,700,636	10,406,135	10,432,418
Guidance, counseling, and evaluation services	8,651,130	7,716,404	7,119,784	6,260,709
Social work services	1,179,058	1,031,676	1,052,397	1,055,654
Health services	1,609,464	1,506,672	1,736,536	1,443,506
Student transportation services	3,017,195	2,612,824	3,375,332	2,648,110
Food services	11,520,979	10,765,365	7,231,155	10,497,220
Extracurricular activities	6,719,019	6,115,262	4,976,487	5,425,492
General administration	6,746,414	6,235,983	5,723,917	5,296,603
Plant maintenance and operations	22,266,376	17,871,072	18,326,680	17,421,238
Security and monitoring services	3,586,235	2,626,563	3,137,236	2,430,928
Data processing services	4,153,617	3,543,422	3,618,322	4,580,566
Community services	1,975,077	1,924,439	1,670,253	1,437,078
Debt service:				
Principal on long-term debt	9,896,937	12,182,422	8,410,000	7,335,001
Interest on long-term debt	15,635,983	4,219,199	5,236,916	7,343,668
Issuance cost and fees	1,378,374	20,900	1,038,022	15,811
Capital outlay:				
Facilities acquisition and construction	118,036,117	23,470,081	6,603,021	103,970
Intergovernmental:				
Payments to fiscal agent/member district SSA	381,097	358,512	330,000	423,945
Payments to Juvenile Justice Alternative Education Program	601,613	601,643	295,918	646,950
Payments to tax increment zone	2,454	8,124,222	8,207,338	8,000,245
Other intergovernmental charges	832,484	721,825	704,473	755,302
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	355,500,169	245,283,141	215,498,300	203,231,544
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(106,889,981)	3,060,646	784,148	2,635,299
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued	\$ 151,340,000	\$ 189,500,000	\$ 106,740,000	\$ -
Sale of real and personal property	137,514	-	30,000	42,315
Issuance of right-to-use leased and subscription assets	1,012,541	-	-	-
Transfers in	355,803	690,116	902,039	655,868
Premium on bonds issued	5,040,305	12,202,030	17,420,122	-
Other sources	-	-	-	-
Transfers out	(355,803)	(690,116)	(902,039)	(655,868)
Payment to refunded bond escrow agent	-	-	(123,123,290)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	157,530,360	201,702,030	1,066,832	42,315
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 50,640,379</b>	<b>\$ 204,762,676</b>	<b>\$ 1,850,980</b>	<b>\$ 2,677,614</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	11.33%	7.40%	7.00%	7.20%

Source: District Financial Statements

Table 4

	2019	2018	2017	2016	2015	2014
\$	93,228,446	\$ 85,458,408	\$ 77,344,586	\$ 69,684,244	\$ 64,420,380	\$ 59,895,256
	74,159,070	72,918,940	78,642,333	80,156,138	74,881,477	72,005,696
	29,090,242	27,467,542	28,926,389	29,186,936	30,879,002	25,785,150
	196,477,758	185,844,890	184,913,308	179,027,318	170,180,859	157,686,102
	88,589,322	85,894,552	86,373,466	80,287,130	73,544,308	65,773,712
	953,943	943,618	930,660	918,932	871,303	956,203
	7,342,447	7,287,411	7,679,307	7,220,416	7,090,487	6,158,827
	4,674,887	4,171,826	3,972,383	4,134,042	3,644,096	3,215,002
	10,226,382	9,769,100	9,521,555	9,454,571	9,090,220	8,649,180
	5,562,522	5,131,429	5,252,786	4,900,067	4,710,930	4,192,971
	1,096,478	1,089,475	911,831	1,368,352	1,055,551	902,275
	1,223,843	1,160,302	1,135,012	1,132,468	1,081,972	1,008,098
	3,344,683	4,703,866	3,201,247	2,788,283	2,054,638	2,938,064
	10,422,650	10,005,654	9,935,592	9,995,417	9,694,328	9,768,020
	4,793,853	5,224,859	5,116,060	4,411,489	4,037,392	4,402,364
	4,642,301	4,781,082	5,019,628	4,693,069	4,058,668	4,336,176
	15,715,345	17,002,432	18,574,278	18,051,929	17,544,931	14,623,438
	2,539,398	2,088,241	2,052,257	2,096,265	2,064,819	1,785,731
	3,626,750	2,720,092	2,687,285	3,083,693	3,194,738	2,519,842
	1,666,088	1,437,425	1,217,550	1,103,584	1,205,695	1,056,774
	7,025,000	4,975,000	6,695,000	7,440,001	8,305,002	6,610,000
	6,819,243	8,945,604	7,204,145	7,472,809	7,427,240	9,160,240
	5,650	6,700	6,700	514,954	1,075,983	5,050
	316,816	1,035,883	937,327	380,248	1,812,997	2,286,048
	749,055	556,613	522,174	520,899	409,664	242,077
	514,035	456,901	558,366	410,518	360,740	422,845
	7,850,239	6,968,874	5,616,835	4,214,674	3,534,625	3,061,499
	839,620	832,723	711,202	701,349	727,905	616,522
	190,540,550	187,189,662	185,832,646	177,295,159	168,598,232	154,690,958
	5,937,208	(1,344,772)	(919,338)	1,732,159	1,582,627	2,995,144
\$	-	\$ -	\$ -	\$ 47,120,000	\$ 106,455,000	\$ -
	-	46,974	48,952	61,135	331,914	4,098,079
	-	-	-	-	-	-
	675,612	800,696	1,543,542	1,928,616	86,845	110,859
	-	-	-	11,068,981	12,852,104	-
	-	-	-	-	-	-
	(675,612)	(800,696)	(1,543,542)	(1,928,616)	(71,845)	(110,859)
	-	-	-	(57,680,816)	(118,226,829)	-
	-	46,974	48,952	569,300	1,427,189	4,098,079
\$	5,937,208	\$ (1,297,798)	\$ (870,386)	\$ 2,301,459	\$ 3,009,816	\$ 7,093,223
	7.30%	7.50%	7.50%	8.70%	10.10%	10.40%

**Waco Independent School District**  
 Governmental Funds Revenue by Source  
 Last Ten Fiscal Years  
 (Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>LOCAL SOURCES</b>				
Property tax	\$ 102,393,635	\$ 87,945,664	\$ 85,608,839	\$ 82,983,635
Other	23,159,778	30,577,848	7,690,137	7,594,014
State sources	66,126,772	82,262,498	89,261,069	86,549,457
Federal sources	56,930,003	47,557,777	33,722,403	28,739,737
<b>TOTAL GENERAL FUND</b>	<u>\$ 248,610,188</u>	<u>\$ 248,343,787</u>	<u>\$ 216,282,448</u>	<u>\$ 205,866,843</u>

**Table 5**

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 84,180,419 9,048,027	\$ 77,206,627 8,251,781	\$ 69,736,942 7,607,644	\$ 63,526,571 6,157,673	\$ 58,960,839 5,459,541	\$ 54,953,317 4,941,939
74,159,070	72,918,940	78,642,333	80,156,138	74,881,477	72,005,696
29,090,242	27,467,542	28,926,389	29,186,936	30,879,002	25,785,150
<u>\$ 196,477,758</u>	<u>\$ 185,844,890</u>	<u>\$ 184,913,308</u>	<u>\$ 179,027,318</u>	<u>\$ 170,180,859</u>	<u>\$ 157,686,102</u>

# Waco Independent School District

Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year Ended August 31	Actual/Market Value					
	Residential Property	Vacant Platted Land Tracts	Qualified Open-space Land & Improvements	Commercial, Industrial & Manufacturing	Utilities, Railroads, Pipelines, & Cable	Personal Property
2023	\$ 6,335,833,320	\$ 263,228,322	\$ 60,513,813	\$ 2,551,172,043	\$ 208,069,883	\$ 831,766,520
2022	5,040,923,149	164,134,112	51,853,600	2,166,807,565	185,775,038	710,997,150
2021	4,504,359,823	169,497,345	50,999,638	2,136,866,923	172,917,778	785,588,400
2020	4,179,199,031	156,206,452	49,223,644	1,894,082,174	165,747,052	827,902,260
2019	3,893,676,470	149,909,142	47,818,618	1,823,726,871	154,582,202	770,041,640
2018	3,401,296,575	134,228,013	40,646,325	1,662,661,169	143,541,492	721,815,030
2017	3,080,621,154	148,176,520	43,498,360	1,709,233,080	136,569,492	722,963,570
2016	2,840,220,101	144,596,547	40,626,655	1,522,462,218	138,778,572	674,117,320
2015	2,691,540,650	129,986,073	46,155,651	1,379,418,937	131,555,593	623,482,130
2014	2,593,993,415	122,456,906	41,048,459	1,258,749,636	124,519,073	613,094,240

Source: McLennan County (Texas) Appraisal District provides the District's tax office with appraised values for properties within the District's taxing authority. Actual value equals appraised value. Actual value less productivity losses, homestead cap, and exemptions equals taxable assessed value.

(1) Tax Rates are per \$100 of assessed value.

**Table 6**

<b>Actual/Market Value</b>					
<b>Special Inventory</b>	<b>Totally Exempt Property</b>	<b>Total Actual/Market Value</b>	<b>Exemptions and Cap Adjustments</b>	<b>Total Taxable Assessed Value</b>	<b>Tax Rates (1)</b>
\$ 52,575,690	\$ 2,416,293,663	12,719,453,254	\$ 3,881,232,168	8,838,221,086	1.241869
42,038,530	2,252,635,339	10,615,164,483	3,058,012,790	7,557,151,693	1.244640
41,041,280	2,202,072,357	10,063,343,544	2,946,667,603	7,116,675,941	1.263950
36,746,270	2,179,434,219	9,488,541,102	2,918,766,647	6,569,774,455	1.302450
32,387,860	2,087,740,084	8,959,882,887	2,859,355,966	6,100,526,921	1.404080
31,985,440	1,962,138,163	8,098,312,207	2,642,322,364	5,455,989,843	1.410000
31,488,290	1,923,755,086	7,796,305,552	2,544,844,885	5,251,460,667	1.400000
33,033,690	1,628,077,631	7,021,912,734	2,257,255,955	4,764,656,779	1.400000
32,493,610	1,289,804,700	6,324,437,344	1,766,101,542	4,558,335,802	1.353240
30,123,160	1,211,753,411	5,995,738,300	1,697,956,759	4,297,781,541	1.354800

**Waco Independent School District**

Property Tax Rates – Direct and Overlapping Governments

(Per \$100 of Assessed Value)

Last Ten Fiscal Years

(Unaudited)

Taxing Authority	2023	2022	2021	2020
<b>SCHOOL DISTRICT</b>				
Maintenance & Operations	\$ 0.942900	\$ 1.024400	\$ 1.039800	\$ 1.068350
Debt Service	0.298969	0.220240	0.224150	0.234100
Waco ISD Total	1.241869	1.244640	1.263950	1.302450
<b>COUNTY</b>				
McLennan	0.376355	0.425000	0.468719	0.485293
McLennan Community College	0.139074	0.149782	0.149782	0.147696
<b>CITY</b>				
Waco	0.760000	0.767282	0.776232	0.776232
Woodway	0.417174	0.470000	0.500000	0.450000
Hewitt	0.540102	0.540102	0.547838	0.539677
Beverly Hills	0.485415	0.485415	0.473550	0.467077
Waco Public Improvement District	0.100000	1.000000	0.100000	1.000000

**Table 7**

<b>2019</b>		<b>2018</b>		<b>2017</b>		<b>2016</b>		<b>2015</b>		<b>2014</b>	
\$	1.170000	\$	1.170000	\$	1.170000	\$	1.170000	\$	1.040000	\$	1.040000
	0.234080		0.240000		0.230000		0.230000		0.313240		0.314800
	1.404080		1.410000		1.400000		1.400000		1.353240		1.354800
	0.485293		0.505293		0.525293		0.535293		0.535293		0.535293
	0.147696		0.150346		0.148898		0.149724		0.149530		0.151530
	0.776232		0.776232		0.776232		0.776232		0.776232		0.776232
	0.450000		0.470000		0.470000		0.470000		0.470000		0.456900
	0.539677		0.539677		0.539677		0.539677		0.539677		0.539677
	0.484596		0.490145		0.490145		0.490145		0.452719		0.403647
	1.000000		1.000000		0.100000		1.000000		0.100000		1.000000

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# Waco Independent School District

Principal Property Taxpayers  
Current Year and Nine Years Ago  
(Unaudited)

**Table 8**

Property Taxpayer	2023			2014		
	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Value (2)	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Value (3)
ONCOR Electric Delivery Co LLC	\$ 81,659,324	1	0.92%	\$ 39,448,116	4	0.92%
3503 RP Waco Central LP	70,696,240	2	0.80%	-	n/a	0.00%
Tractor Supply	67,727,715	3	0.77%	42,112,827	2	0.98%
ATMOS Energy/Mid-Tex Distribution	64,587,680	4	0.73%	22,131,858	7	0.51%
CD/Park7 Waco Owner LP	60,000,000	5	0.68%	-	n/a	0.00%
Owens-Brockway Glass Container Inc	48,676,506	6	0.55%	23,637,065	6	0.55%
Baylor University	47,222,931	7	0.53%	-	n/a	0.00%
Madison Loft LLC	46,400,000	8	0.52%	-	n/a	0.00%
CBL/Richland Mall LP	43,792,000	9	0.50%	41,360,203	3	0.96%
Plato TX III Propco LP	42,000,000	10	0.48%	-	n/a	0.00%
Texas Farm Bureau Business Corporation	-	n/a	0.00%	20,327,752	8	0.47%
Inland Western Waco Central, L.P.	-	n/a	0.00%	50,709,220	1	1.18%
Seavest Inc	-	n/a	0.00%	24,113,522	5	0.56%
Hoppenstein Properties Inc	-	n/a	0.00%	19,622,960	9	0.46%
Outpost Apartments LLC ETAL	-	n/a	0.00%	18,100,000	10	0.42%
<b>TOTAL</b>	<b>\$ 572,762,396</b>		<b>6.48%</b>	<b>\$ 301,563,523</b>		<b>7.02%</b>

1 Taxable assessed value equals actual/appraised value after exemptions.

2 Total assessed value equals: 8,838,221,086

3 Total assessed value equals: 4,297,781,541

Source: McLennan County Tax Office Certified Roll reports

## Waco Independent School District

Property Tax Levies and Collections

Last Ten Fiscal Years

(Unaudited)

<u>Fiscal Year Ended August 31,</u>	<u>Total Levy Amount Before Levy Loss, Late AG Penalty &amp; Rendition Penalty</u>	<u>Levy Loss, Late AG Penalty &amp; Rendition Penalty</u>	<u>Tax Office Adjustment</u>	<u>Taxes Levied for the Fiscal Year</u>
2023	\$ 103,375,936	\$ (1,127,963)	\$ -	\$ 102,247,973
2022	88,756,641	(3,107,145)	-	85,649,496
2021	89,694,811	(3,921,630)	-	85,773,181
2020	85,568,026	(3,878,891)	-	81,689,135
2019	85,656,279	(3,904,054)	-	81,752,225
2018	76,929,316	(3,299,038)	(20,079)	73,630,278
2017	73,520,449	(2,771,977)	-	70,748,472
2016	66,705,195	(2,293,604)	-	64,411,591
2015	61,681,166	(2,704,824)	-	58,976,342
2014	58,226,350	(2,724,605)	-	55,501,745

**Table 9**

Collected within the Fiscal Year of the Levy			Total Collections to Date		
Amount	Percentage of Net Tax Levy	Collections in Subsequent Years	Amount	Percent of Total Tax Collections To Net Tax Levy	
\$ 101,763,018	99.53%	\$ -	\$ 101,763,018	99.53%	
87,582,185	102.26%	(2,382,056)	85,200,129	99.48%	
84,416,904	98.42%	1,093,670	85,510,574	99.81%	
81,947,736	100.32%	(475,028)	81,472,708	101.58%	
83,362,598	101.97%	(1,803,160)	81,559,438	94.44%	
76,596,826	104.03%	(3,118,713)	73,478,113	95.67%	
69,209,687	97.82%	1,423,270	70,632,957	88.13%	
62,798,654	97.50%	1,497,613	64,296,267	88.67%	
57,839,516	98.07%	1,018,384	58,857,900	91.57%	
54,159,631	97.58%	1,232,742	55,392,373	92.38%	

# Waco Independent School District

## Table 10

Outstanding Debt by Type  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year Ended August 31,	Governmental Activities				Total Outstanding Debt	Ratio of Debt to Taxable Assessed Value (2)	Net Debt Per Student (3)
	General Obligation Bonds (1)	Maintenance Tax Notes	Lease Revenue Bonds	Right-to-use Leases and Subscriptions Payable			
2023	\$ 488,847,866	\$ -	\$ -	\$ 1,554,430	\$ 490,402,296	5.56%	36,339
2022	343,378,287	-	-	1,188,825	344,567,112	4.56%	24,450
2021	155,274,348	-	-	-	155,274,348	2.18%	10,762
2020	158,445,378	-	-	-	158,445,378	2.41%	9,492
2019	167,357,623	-	345,000	-	167,702,623	2.75%	10,037
2018	175,222,345	-	670,000	-	175,892,345	3.22%	10,331
2017	183,001,730	-	980,000	-	183,981,730	3.50%	12,310
2016	190,557,149	-	1,270,000	-	191,827,149	4.03%	12,807
2015	192,761,860	570,000	1,545,000	-	194,876,860	4.28%	12,782
2014	187,447,193	1,120,000	1,805,000	-	190,372,193	4.43%	12,826

Source: District's Notes to the Financial Statements

<sup>1</sup> Details regarding the District's outstanding debt, net of premiums, discounts, and adjustments can be found in the Notes to the Financial Statements.

<sup>2</sup> See Assessed Value and Estimated Actual Value of Taxable Property

**Waco Independent School District****Table 11**

Ratios of Net General Obligation Bonded Debt Outstanding  
Last Ten Fiscal Years  
(Unaudited)

<b>Fiscal Year Ended August 31,</b>	<b>General Obligation Bonds</b>	<b>Less Amounts Available in Debt Service Fund (1)</b>	<b>Net General Bonded Debt</b>	<b>Ratio of Debt to Taxable Assessed Value (2)</b>	<b>Net Bonded Debt per Student (3)</b>
2023	\$ 453,665,000	\$ 5,075,473	\$ 448,589,527	5.13%	33,555
2022	310,660,000	4,006,234	306,653,766	4.06%	21,254
2021	133,030,000	4,866,235	128,163,765	1.80%	8,883
2020	141,440,000	3,990,782	137,449,218	2.09%	9,225
2019	148,430,000	4,057,107	144,372,893	2.37%	9,689
2018	155,130,000	3,911,753	151,218,247	2.77%	10,202
2017	183,001,730	4,653,605	178,348,125	3.40%	11,826
2016	190,557,149	4,646,144	185,911,005	3.90%	12,439
2015	192,761,860	4,627,553	188,134,307	4.13%	12,561
2014	187,447,193	3,626,685	183,820,508	4.28%	12,342

Source: District's Notes to the Financial Statements

<sup>1</sup> These are the resources restricted for the principal payments of general obligation debt

<sup>2</sup> See Assessed Value and Estimated Actual Value of Taxable Property schedule

<sup>3</sup> See Operating Statistics Table for student enrollment data

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# Waco Independent School District

## Table 12

Direct and Overlapping Governmental Activities Debt  
 August 31, 2023  
 (Unaudited)

Taxing Authority	Gross Debt Amount	Outstanding As of	Percent Overlapping (1)	Share of Debt
<b>OVERLAPPING</b>				
McLennan County	\$ 70,070,000	8/31/2023	36.76%	\$ 25,757,732
McLennan Community College	41,210,000	8/31/2023	36.76%	15,148,796
City of Robinson	32,335,000	8/31/2023	5.20%	1,681,420
City of Waco	751,460,000	8/31/2023	62.79%	471,841,734
City of Woodway	28,680,000	8/31/2023	8.23%	2,360,364
Subtotal, Overlapping Debt				516,790,046
<b>DIRECT</b>				
Waco Independent School District	453,665,000		100.00%	453,665,000
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>				\$ 970,455,046
<b>TOTAL DIRECT AND OVERLAPPING DEBT % OF ASSESSED VALUE (TABLE 6)</b>				10.98%
<b>TOTAL DIRECT AND OVERLAPPING DEBT % PER CAPITA (TABLE 13 COUNTY POPULATION)</b>				\$ 3,637

Source: Municipal Advisory of Texas (Texas MAC), Estimated Overlapping Debt Statement, as of August 31, 2023

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. The percentage of overlapping debt is estimated using taxable assessed property values. Percentages were estimated by determining the portion of the overlapping taxing authority's taxable assessed value that is within the District's boundaries and dividing it by the overlapping taxing authority's total taxable assessed value.

**Waco Independent School District**  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years  
 (Unaudited)

<b>Fiscal Year Ended</b>	<b>McLennan County Estimated Population (1)</b>	<b>City of Waco Estimated Population (1)</b>	<b>District Estimated Population (2)</b>	<b>Median Household Income (3)</b>
2023 (5)	-	-	-	-
2022	266,836	143,984	111,042	\$ 64,320
2021	263,115	138,956	109,495	53,723
2020	260,579	138,486	113,627	40,190
2019	256,623	139,236	112,268	51,078
2018	248,429	133,964	111,836	48,713
2017	245,720	131,996	109,920	47,267
2016	243,394	130,659	108,460	46,860
2015	241,505	129,193	107,467	46,602
2014	239,717	127,796	106,492	43,609

(1) Source: Waco Chamber of Commerce, Texas Comptroller of Public Accounts, and U.S. Census Bureau  
 (2) Source: U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE)  
 (3) Source: U.S. Census Bureau, Selected Economic Characteristics  
 (4) Source: Bureau of Labor Statistics, Local Area Unemployment Statistics  
 (5) With the exception of the unemployment rate, information for 2023 is not yet available

**Table 13**

	<b>Per Capita Income (3)</b>	<b>Unemployment Rate (4)</b>
	-	3.7%
\$	32,119	3.4%
	31,204	4.9%
	22,461	6.2%
	22,461	3.5%
	24,166	3.7%
	25,266	4.3%
	24,968	4.2%
	23,262	4.1%
	21,722	5.6%

**Waco Independent School District**  
**Principal Employers**  
**Current and Nine Years Ago**  
**(Unaudited)**

**Table 14**

Employers*	Type of Business	2023			2014		
		Employees	Rank	Percentage of Total Employment (1)	Employees	Rank	Percentage of Total Employment (2)
Baylor University	Higher Education	5,698	1	4.28%	2,675	1	2.35%
Ascension Providence	Healthcare	2,518	2	1.89%	2,397	3	2.10%
Waco Independent School District	Public Education	2,373	3	1.78%	2,500	2	2.19%
Baylor Scott & White Medical Center - Hillcrest	Healthcare	2,283	4	1.71%	1,800	5	1.58%
H-E-B Stores	Retail	2,000	5	1.50%	1,500	8	1.32%
City of Waco	Local Government	1,522	6	1.14%	1,506	7	1.32%
Midway Independent School District	Public Education	1,302	7	0.98%	1,067	9	0.94%
Sanderson Farms Inc.	Manufacturing	1,200	8	0.90%	1,041	10	0.91%
Wal-Mart Stores	Retail	1,174	9	0.88%	1,656	6	1.45%
McLennan County	Local Government	1,088	10	0.82%	-	-	0.00%
L3 Technologies	Aerospace	-	-	n/a	2,300	4	2.02%
		<b>21,158</b>		<b>15.88%</b>	<b>18,442</b>		<b>16.18%</b>
McLennan County:							
(1) Total Employment for 2023:		133,212					
(2) Total Employment for 2014:		113,980					

Source: Waco Chamber of Commerce and Texas Workforce Commission  
Source: TRACER of Texas Workforce Commission; Employment Estimate

**Waco Independent School District**  
 Full-Time Equivalent District Employees by Position  
 Last Ten Fiscal Years  
 (Unaudited)

**Table 15**

<b>Position</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Professional Staff:										
Teachers	997.1	1,011.1	1,002.7	991.0	982.2	1,000.2	994.9	941.8	909.4	894.5
Professional Support:										
Counselor	41.7	45.9	39.7	41.6	38.9	38.7	38.8	37.3	37.9	38.9
Educational Diagnostician	15.0	12.5	10.0	6.8	5.4	9.6	9.0	9.1	10.6	9.0
Librarian	13.8	4.9	3.0	2.1	2.3	3.0	3.0	3.9	6.0	7.0
Occupational Therapist	2.0	1.0	1.0	2.8	2.0	1.8	2.0	2.0	1.0	2.0
School Nurse	10.9	9.0	6.9	7.0	6.8	5.8	18.9	19.9	20.0	20.0
LSPP/Psychologist	3.0	4.0	3.0	2.0	1.0	3.0	4.0	4.0	4.0	4.6
Social Worker	8.5	4.0	4.5	4.5	6.4	8.9	8.0	11.0	8.9	5.1
Speech Therapist/Speech-language Pathologist	16.8	15.6	16.0	10.8	9.8	11.8	14.0	11.4	12.0	12.5
Work-based Learning Site Coordinator	0.9	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Athletic Trainer	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Other District Exempt Professional Auxiliary	84.6	77.5	81.5	73.7	72.4	66.9	68.6	64.6	51.9	43.8
Other Campus Exempt Professional Auxiliary	52.0	50.0	41.7	46.8	43.7	42.6	44.7	34.4	55.6	49.4
Instructional Coach (previously Teacher Facilitator)	48.5	61.8	83.8	77.2	85.0	78.2	72.0	71.6	34.0	28.7
Campus Administration:										
Assistant Principal	39.8	42.0	43.7	45.6	48.9	49.0	47.9	47.4	45.0	44.0
Principal	22.0	21.3	25.0	24.8	23.0	23.0	24.0	22.0	22.9	23.1
Registrar	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0
Central Administration:										
Assistant/Associate/Deputy Superintendent	6.9	5.0	5.0	4.7	2.0	3.0	4.0	4.0	4.0	0.0
District Instructional Program Director or Executive Director	36.0	34.6	17.0	11.4	11.0	11.0	8.0	8.0	9.0	18.5
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Athletic Director	1.0	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Business Manager	1.0	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Director of Personnel/Human Resources	2.8	1.7	4.0	4.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>Total Professional Staff</b>	<b>1,409.2</b>	<b>1,409.3</b>	<b>1,395.5</b>	<b>1,363.8</b>	<b>1,349.8</b>	<b>1,365.5</b>	<b>1,370.8</b>	<b>1,301.4</b>	<b>1,242.2</b>	<b>1,211.1</b>
Educational Aides	308.9	374.2	395.5	409.7	392.9	406.8	392.3	297.7	225.8	193.8
Auxiliary Staff	487.5	518.9	525.3	590.2	567.1	571.3	566.3	571.7	528.6	485.5
<b>TOTAL EMPLOYEES</b>	<b>2,205.6</b>	<b>2,302.4</b>	<b>2,316.3</b>	<b>2,363.7</b>	<b>2,309.8</b>	<b>2,343.6</b>	<b>2,329.4</b>	<b>2,170.8</b>	<b>1,996.6</b>	<b>1,890.4</b>

Source: District's Public Education Information Management System (PEIMS) Reports, Fall submission

# Waco Independent School District

Operating Statistics  
 Last Ten Fiscal Years  
 (Unaudited)

<u>Fiscal Year Ended</u>	<u>Enrollment (1)</u>	<u>Operating Expenditures (2)</u>	<u>Cost Per Student</u>	<u>Percentage Change</u>	<u>Government-wide Expenses</u>
2023	13,520	\$ 210,552,755	\$ 15,573	-3.43%	\$ 216,969,130
2022	14,086	227,159,361	16,127	19.81%	204,891,663
2021	14,428	194,210,341	13,461	6.43%	210,510,225
2020	14,899	188,433,094	12,647	5.81%	211,811,397
2019	14,756	176,373,841	11,953	2.87%	196,728,789
2018*	14,823	172,226,475	11,619	2.48%	138,920,412
2017	15,081	170,989,474	11,338	4.94%	187,455,293
2016	14,946	161,487,147	10,805	7.91%	180,564,836
2015	14,978	149,977,010	10,013	9.15%	164,697,513
2014	14,894	136,629,620	9,173	1.96%	154,266,204

<sup>1</sup> Source: District's Public Education Information Management System (PEIMS) Reports, Fall submission

<sup>2</sup> Operating expenditures are total expenditures less debt service and capital outlay from the Statement of Revenues, Expenditures, and Changes in Fund Balances.

District implemented GASB No. 75 and related statements recognizing the District's proportional share of the TRS-Care net OPEB liability. As a result of significant changes in the plan, the District recorded negative on behalf expenses in the amount of \$43.7 million in functional expense categories in the Statement of Activities. Prior periods have not been restated.)

**Table 16**

	<b>Cost Per Student</b>	<b>Percentage Change</b>	<b>Teaching Staff (FTE) (1)</b>	<b>Student to Teacher Ratio</b>	<b>Percent Economically Disadvantaged (1)</b>
\$	16,048	10.33%	997	13.56	89.66%
	14,546	-0.31%	900	15.65	88.77%
	14,590	2.63%	1,003	14.38	91.60%
	14,216	6.63%	991	15.03	90.32%
	13,332	42.26%	982	15.03	93.98%
	9,372	-24.60%	1,000	14.82	88.87%
	12,430	2.89%	995	15.16	86.95%
	12,081	9.87%	942	15.87	88.32%
	10,996	6.16%	909	16.48	88.99%
	10,358	2.28%	895	16.64	90.27%

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**Waco Independent School District**

**Table 17**

Teacher Base Salaries  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year Ended	District			County Average Salary (2)	Region 3 Salary (2)	Statewide Average Salary (2)
	Minimum Salary (1)	Maximum Salary (1)	Average Salary (2)			
2023	\$ 51,475	\$ 63,625	\$ 56,937	\$ 56,266	\$ 57,668	\$ 60,716
2022	50,250	62,450	55,644	55,159	54,829	58,887
2021	49,100	60,350	53,777	53,289	53,672	57,641
2020	49,000	66,600	54,100	53,154	53,292	57,091
2019	46,100	63,200	50,922	49,211	49,440	54,122
2018	45,600	62,200	50,379	48,923	48,988	53,334
2017	45,550	61,600	50,239	48,377	48,560	52,525
2016	45,000	61,500	49,628	47,665	47,829	51,892
2015	43,000	55,800	48,468	46,005	46,653	50,715
2014	42,000	59,300	47,554	45,511	46,303	49,692

(1) Source: District Human Resource records  
(2) Source: Texas Education Agency website

**Waco Independent School District**  
 School Building Information  
 Last Ten Fiscal Years  
 (Unaudited)

Building	2023	2022	2021	2020
<b>ELEMENTARY SCHOOLS</b>				
Alfa Vista - 1910				
Square Footage	48,872	48,872	48,872	48,872
Capacity	580	580	594	594
Enrollment	545	504	467	505
Bell's Hill - 2012 (new building)				
Square Footage	115,440	115,440	115,440	115,440
Capacity	1,090	1,090	900	900
Enrollment*	760	757	729	736
Brook Avenue - 1999				
Square Footage	45,990	45,990	45,990	45,990
Capacity	500	500	484	484
Enrollment	369	365	358	365
Cedar Ridge - 1954				
Square Footage	56,725	56,725	56,725	56,725
Capacity	650	650	692	692
Enrollment	447	486	521	542
Crestview - 1951				
Square Footage	74,813	74,813	74,813	74,813
Capacity	750	750	790	790
Enrollment	451	448	472	557
Dean Highland - 2011 (new building)				
Square Footage	90,775	90,775	90,775	90,775
Capacity	870	870	834	834
Enrollment	598	662	634	720
Hillcrest - 1953				
Square Footage	47,695	47,695	47,695	47,695
Capacity	440	440	450	450
Enrollment	440	439	441	440
J.H.Hines - 2010 (new building)				
Square Footage	79,285	79,285	79,285	79,285
Capacity	720	720	680	680
Enrollment	406	412	453	488
Kendrick - 1952				
Square Footage	52,330	52,330	52,330	52,330
Capacity	500	500	582	582
Enrollment	482	471	509	531
Lake Air Montessori - 1957				
Square Footage	111,198	111,198	111,198	111,198
Capacity	920	920	746	746
Enrollment	697	717	747	786
Mountainview - 1957				
Square Footage	48,427	48,427	48,427	48,427
Capacity	520	520	550	550
Enrollment	402	338	399	400
Parkdale - 1960				
Square Footage	56,382	56,382	56,382	56,382
Capacity	570	570	692	692
Enrollment	559	588	622	673
Provident Heights - 1999				
Square Footage	45,990	45,990	45,990	45,990
Capacity	520	520	484	484
Enrollment	372	373	363	376
South Waco - 1988				
Square Footage	65,003	65,003	65,003	65,003
Capacity	820	820	724	724
Enrollment	462	480	479	542
West Avenue - 2001				
Square Footage	51,429	51,429	51,429	51,429
Capacity	490	490	428	428
Enrollment	289	305	298	355

**Table 18**  
(Page 1 of 2)

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
48,872	47,336	47,336	47,336	47,336	47,336
594	594	594	594	594	594
502	498	518	559	520	514
115,440	115,440	115,440	115,440	115,440	115,440
900	900	900	900	900	900
775	754	775	787	816	808
45,990	45,990	45,990	45,990	45,990	45,990
484	484	484	484	484	484
371	372	368	375	391	424
56,725	56,725	56,725	56,725	56,725	56,725
692	692	692	692	692	692
554	567	594	607	627	667
74,813	74,813	74,813	74,813	74,813	74,813
790	790	790	790	790	790
536	608	676	767	703	714
90,775	90,775	90,775	90,775	90,775	90,775
834	834	834	834	834	834
727	739	815	793	762	792
47,695	47,695	47,695	47,695	47,695	47,695
450	450	450	450	450	450
441	430	437	422	436	434
79,285	79,285	79,285	79,285	79,285	79,285
680	680	680	680	680	680
516	503	519	552	527	520
52,330	52,042	52,042	52,042	52,042	52,042
582	582	582	582	582	582
501	530	542	529	520	526
111,198	109,662	109,662	109,662	109,662	109,662
746	746	746	746	746	746
775	710	682	654	683	698
48,427	48,427	48,427	48,427	48,427	48,427
550	550	550	550	550	550
375	382	421	434	445	445
56,382	54,846	54,846	54,846	54,846	54,846
692	692	692	692	692	692
669	620	629	608	627	567
45,990	45,990	45,990	45,990	45,990	45,990
484	484	484	484	484	484
367	386	419	341	404	442
65,003	65,003	65,003	65,003	65,003	65,003
724	724	724	724	724	724
504	526	523	531	555	552
51,429	51,429	51,429	51,429	51,429	51,429
428	428	428	428	428	428
338	382	367	353	365	375

**Waco Independent School District**  
 School Building Information- Continued  
 Last Ten Fiscal Years  
 (Unaudited)

Building	2023	2022	2021	2020
<b>MIDDLE SCHOOLS</b>				
Cesar Chavez - 2003				
Square Footage	128,525	128,525	128,525	128,525
Capacity	1,060	1,060	1,075	1,075
Enrollment	840	876	931	931
G.W. Carver - 1956 <sup>1</sup>				
Square Footage	-	-	71,317	106,934
Capacity	-	-	900	900
Enrollment	393	444	461	432
Indian Spring (A.J. Moore) - 1970				
Square Footage	139,180	139,180	139,180	139,180
Capacity	930	930	700	700
Enrollment	404	513	528	558
Tennyson - 1960				
Square Footage	79,774	114,581	114,581	114,581
Capacity	790	790	1,250	1,250
Enrollment	999	959	939	920
<b>HIGH SCHOOLS</b>				
University - 2011 (new building)				
Square Footage	355,513	355,513	355,513	355,513
Capacity	2,150	2,150	1,920	1,920
Enrollment	1,678	1,672	1,763	1,684
Waco - 1961				
Square Footage	313,277	346,177	346,177	346,177
Capacity	2,480	2,480	2,165	2,165
Enrollment	2,011	1,964	2,122	2,063
<b>ALTERNATIVE SCHOOLS</b>				
Brazos High Credit Recovery - 1950				
Square Footage	59,762	59,762	59,762	59,762
Capacity	370	370	240	240
Enrollment	86	118	162	191
McLennan County Challenge Academy - 1968				
Square Footage	55,061	55,061	55,061	55,061
Capacity	75	75	75	75
Enrollment	25	38	13	34
G.L. Wiley Opportunity Center- 1938				
Square Footage	71,196	71,196	71,196	71,196
Capacity	420	420	75	75
Enrollment	92	107	17	69
<b>CAREER AND TECHNOLOGY SCHOOLS</b>				
Greater Waco Advanced Manufacturing Academy - 1963				
Square Footage	61,096	61,096	61,096	61,096
Capacity	350-375	350-375	350-375	350-375
Enrollment	274	265	314	273
Greater Waco Advanced Healthcare Academy - 1968				
Square Footage	35,694	35,694	35,694	35,694
Capacity	300-325	300-325	300-325	300-325
Enrollment	286	277	393	317

Source: District facilities records - Square footage  
 District Demographic Studies 2016-2017 & 2021-2022 - Capacity  
 District's Public Education Information Management System (PEIMS) Reports, Fall submission

<sup>1</sup> Portions of Waco High School and Tennyson Middle School were demolished in FY2023 due to construction in progress of a new campus for each location. The replacement Carver Middle School was still construction in progress at the end of the fiscal year.

**Table 18**  
(Page 2 of 2)

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
128,525	128,525	128,525	128,525	128,525	128,525
1,075	1,075	1,075	1,075	1,075	1,075
865	847	891	859	910	898
106,934	106,934	106,934	106,934	106,934	106,934
900	900	900	900	900	900
488	477	451	460	473	503
139,180	139,180	139,180	139,180	139,180	139,180
700	700	700	700	700	700
519	524	583	575	579	618
114,581	114,581	114,581	114,581	114,581	114,581
1,250	1,250	1,250	1,250	1,250	1,250
921	930	947	881	902	825
355,513	355,513	355,513	355,513	355,513	355,513
1,920	1,920	1,920	1,920	1,920	1,920
1,652	1,735	1,725	1,667	1,610	1,537
346,177	346,177	346,177	346,177	346,177	346,177
2,165	2,165	2,165	2,165	2,165	2,165
2,053	1,971	1,866	1,809	1,799	1,732
59,762	59,762	59,762	59,762	59,762	59,762
240	240	240	240	240	240
223	223	198	235	199	169
55,061	55,061	55,061	55,061	55,061	55,061
75	75	75	75	75	75
31	22	37	31	20	54
71,196	71,196	71,196	71,196	71,196	71,196
75	75	75	75	75	75
53	67	71	117	77	80
61,096	61,096	61,096	61,096	61,096	61,096
350-375	350-375	350-375	350-375	350-375	350-375
187	204	170	150	150	55
35,694	35,694	35,694	35,694	35,694	35,694
300-325	300-325	300-325	300-325	300-325	300-325
215	170	200	75	-	-

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**Overall Compliance, Internal Control Section  
and Federal Awards**

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**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

The Board of Trustees of  
Waco Independent School District  
Waco, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Waco Independent School District (the District) as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 17, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Board of Trustees of  
Waco Independent School District

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas  
January 17, 2024

**Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance**

The Board of Trustees of  
Waco Independent School District  
Waco, Texas

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Waco Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Board of Trustees of  
Waco Independent School District

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas  
January 17, 2024

**Waco Independent School District**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended August 31, 2023

**Section 1. Summary of Auditor's Results**

**Financial Statements**

- 1. Type of auditor's report issued Unmodified
- 2. Internal Control over Financial Reporting:
  - a. Material Weakness(es) identified? No
  - b. Significant Deficiency(ies) identified that are not considered to be material weaknesses? None reported
- 3. Noncompliance material to the Financial Statements noted? No

**Federal Awards**

- 4. Internal control over major programs:
  - a. Material Weakness(es) identified? No
  - b. Significant Deficiency(ies) identified that are not considered to be material weaknesses? None reported
- 5. Type of auditor's report issued on compliance with major programs? Unmodified
- 6. Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 2 CFR 200.516(a)? No
- 7. Identification of Major Programs COVID-19 – Education Stabilization Fund – 84,425
- 8. Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs \$1,619,863
- 9. Auditee Qualified as a Low-Risk Auditee? Yes

**Section 2. Financial Statement Findings**

None reported

**Section 3. Federal Award Findings and Questioned Costs**

None reported

**Waco Independent School District**  
Summary Schedule of Prior Audit Findings  
For the Year Ended August 31, 2023

**Prior Year Findings**

None reported

**Waco Independent School District**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2023**

**Exhibit K-1**

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through State Department of Education:			
ESEA Title I, Part A - Improving Basic Programs	84.010A	24610101161914	\$ 478,173
ESEA Title I, Part A - Improving Basic Programs	84.010A	23610101161914	5,917,814
ESEA Title I, Part A - Improving Basic Programs	84.010A	22610101161914	6,274
ESEA Title I 1003(A) Priority & Focus School Grant	84.010A	23610141161914	162,219
ESEA Title I 1003(A) Priority & Focus School Grant	84.010A	22610141161914	62,349
ESEA Title I, 1003 ESF Focused Support Grant	84.010A	226101577110053	<u>626,522</u>
Total Assistance Listing Number 84.010A			7,253,351
Special Education Cluster (IDEA):			
IDEA - Part B Formula	84.027A	246600011619146000	331,598
IDEA - Part B Formula	84.027A	236600011619146000	2,696,104
IDEA - Part B Formula	84.027A	226600011619146000	108,792
IDEA - Part B Formula	84.027A	216600011619146000	(16,791)
SSA-IDEA-Part B-Discretionary (Deaf)	84.027A	236600111619146000	23,464
IDEA - Part B, Formula-American Rescue Plan (ARP)	84.027A	235350011619145000	384,591
IDEA - Part B, Formula-American Rescue Plan (ARP)	84.027A	225350011619145000	<u>27,317</u>
Total Assistance Listing Number 84.027A			3,555,075
IDEA - Part B Preschool	84.173A	236610011619146000	<u>35,282</u>
Total Special Education Cluster (IDEA)			3,590,357
Career and Technical - Basic Grant	84.048A	24420006161914	45,740
Career and Technical - Basic Grant	84.048A	23420006161914	224,482
Career and Technical - Basic Grant Ptech	84.048A	213922027110016	<u>10,062</u>
Total Assistance Listing Number 84.048A			280,284
ESEA Title X, Part C McKinney-Vento Homeless Education	84.196A	234600057110072	83,763
ESEA Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	24671001161914	21,254
ESEA Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	23671001161914	338,496
ESEA Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	22671001161914	<u>5,336</u>
Total Assistance Listing Number 84.365A			365,086
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	24694501161914	10,815
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	23694501161914	781,319
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	22694501161914	<u>1,421</u>
Total Assistance Listing Number 84.367A			793,555
Texas Title I Priority Schools, Cycle 5	84.377A	176107327110017	(9)
ESEA Title IV, Part A - Student Support and Academic Enrichment Program	84.424A	24680101161914	19,895
ESEA Title IV, Part A - Student Support and Academic Enrichment Program	84.424A	23680101161914	<u>495,737</u>
Total Assistance Listing Number 84.424A			515,632
COVID-19 Elementary and Secondary School Emergency Relief II	84.425D	21521001161914	14,677,990
COVID-19 Elementary and Secondary School Emergency Relief III	84.425U	21528001161914	10,163,619
COVID-19 Elementary and Secondary School Emergency Relief III - TCLAS High Quality Afterschool Care	84.425U	215280587110161	365,160
Texas COVID Learning Acceleration Supports (TCLAS)	84.425U	21528042161914	11,245
American Rescue Plan Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth (ARP-HCY)	84.425W	215330017110082	101,049
American Rescue Plan (ARP) Act-Homeless II-Education for Homeless Children and youth program	84.425W	21533002161914	<u>114,170</u>
Total Assistance Listing Number 84.425			<u>25,433,233</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>38,315,252</b>

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**Waco Independent School District**  
**Schedule of Expenditures of Federal Awards - Continued**  
**For the Year Ended August 31, 2023**

**Exhibit K-1**

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Child Nutrition Cluster:			
Passed Through State Department of Education - Cash Assistance: School Breakfast Program	10.553	714023	2,289,483
Passed Through State Department of Education - Cash Assistance: National School Lunch Program	10.555	713023	6,798,216
Passed Through State Department of Agriculture - Cash Assistance: Supply Chain Assistance Grant Reallocation	10.555	6TX300400	5,000
Supply Chain Assistance Grant Reallocation Round 2	10.555	6TX300400	336,663
Passed Through State Department of Agriculture - Non Cash Assistance: National School Lunch Program	10.555	806780706	<u>592,010</u>
Total Assistance Listing Number 10.555			7,731,889
Passed Through State Department of Agriculture - Cash Assistance: Summer Feeding Program	10.559	806780706	429,402
Fresh Fruit and Vegetable Program	10.582	806780706	<u>256,383</u>
Total Child Nutrition Cluster			10,707,157
Passed Through State Department of Agriculture - Cash Assistance: Child and Adult Care Food Program	10.558	806780706	<u>511,198</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			11,218,355
<b>U.S. DEPARTMENT OF DEFENSE</b>			
Direct Program:			
Reserve Officers' Training Corps	12.000	N/A	123,977
Passed Through McLennan County: Payments in Lieu of Real Estate Taxes	12.112	N/A	<u>2,656</u>
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			126,633
<b>U.S. DEPARTMENT OF LABOR</b>			
Passed Through IAC W/TWC: P-TECH Planning and Implementation	17.258	213933017110016	<u>12,391</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			12,391
<b>U.S. DEPARTMENT OF TREASURY</b>			
Direct Program:			
Volunteer Income Tax Assistance (VITA)	21.009	N/A	9,676
Volunteer Income Tax Assistance (VITA)	21.009	N/A	<u>(1,282)</u>
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>			8,394
<b>FEDERAL COMMUNICATIONS COMMISSION</b>			
Pass-Through Universal Service Administrative Company (USAC): COVID-19 - Emergency Connectivity Fund	32.009	ECF202114721	<u>4,108,801</u>
<b>TOTAL FEDERAL COMMUNICATIONS COMMISSION</b>			4,108,801
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through Texas Health and Human Services Commission: Medicaid Administrative Claiming (MAC)	93.778	HHS000537900141	<u>205,593</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			205,593
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 53,995,419</u>

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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## Waco Independent School District

### Notes to Schedule of Expenditures of Federal Awards

#### Note 1. Summary of Significant Accounting Policies

Special revenue funds are used to account for resources restricted to, or committed for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of the specified grant/project period. The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of Waco Independent School District (the "District"). The District receives federal awards both directly and indirectly through pass-through entities. The information in this schedule is presented in accordance with the requirements of Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Non-cash commodities and equipment are recorded at their estimated market value at the time of donation. All federal grant funds were accounted for in the special revenue funds except for indirect costs recoveries, Medicaid Administrative Claiming, Student Health and Related Services (SHARS) Program, E-rate, Impact Aid, and Reserve Officer Training Corps (ROTC) reimbursements, and Payments in Lieu of Taxes which are recorded in the general fund. Although recorded as federal revenue in the general fund, certain reimbursements, identified below, do not meet the definition of federal awards for purposes of preparing the schedule of federal awards.

#### Note 2. De Minimis Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

#### Note 3. Reconciliation to the Basic Financial Statements

The following is a reconciliation of expenditures of federal awards per Exhibit K-1 and federal revenues reported on Exhibit C-2 of the annual financial report:

Federal awards per Schedule of Expenditures of Federal Awards	\$ 53,995,419
Student Health and Related Services Program (SHARS)	2,836,921
Universal E-rate	<u>97,663</u>
<b>Total federal program revenues - Exhibit C-2</b>	<b><u>\$ 56,930,003</u></b>

**Waco Independent School District**  
 Schedule of Required Responses to Selected  
 School FIRST Indicators (Unaudited)  
 For the Fiscal Year Ended August 31, 2023

**Exhibit L-1**

<u>Data Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered <b>to not have made</b> timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ 8,849,280